

Inspiring leaders to
improve children's lives



National College
for School Leadership

National College for Leadership
of Schools and Children's Services

Annual Report and Accounts

2010 | 11

National College for Leadership of Schools and Children's Services

Annual Report and Accounts 2010 – 11

on 1 June 2011 the College changed its name to the
National College for School Leadership.

Annual Report and Accounts presented to the House of Commons pursuant
to Section 7 of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed on 18 July 2011.

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This publication is also available for download at www.official-documents.gov.uk

ISBN: 9780102973358

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID P002437061 07/11

Printed on paper containing 75% recycled fibre content minimum.

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Annual Report and Accounts 2010 – 11

The National College for School Leadership was officially opened in November 2000. The College has responsibility for training and developing leaders in England’s schools, children’s centres and children’s services. It is a company limited by guarantee and a non-departmental public body (NDPB). During the year to which this report relates the College was known as the National College for Leadership of Schools and Children’s Services. In November 2010 the Secretary of State for Education announced that the College will become an executive agency in April 2012. On 1 June 2011 the College changed its name to the National College for School Leadership.

Foreword

A changing College

Leaders in schools, academies and children's services have faced significant change in 2010-11, as the coalition government has begun its work to reduce the budget deficit and implement new policy priorities. The white paper *The Importance of Teaching* (Department for Education (DfE), 2010) makes clear that this change will continue in future as schools become more autonomous, diverse and self-improving.

It is right and proper that the National College changes too. The Secretary of State for Education made the direction of that change clear in his letter to us on the day the white paper was published, in which he wrote: 'I expect the College to play a central role in supporting excellent leaders to drive improvement in the school system and to foster a decentralised culture of self-improvement in schools'.

We have already begun to make the shifts in our approach that the white paper and wider review of arm's length bodies require, and we set out some of the details below. Critically, these changes retain and enhance the National College's primary focus on improving children's lives through the development of consistently excellent leadership. They build on all that has made us successful in the past, most importantly our core values and moral purpose, our grounding in the realities and practice of leadership and our close relationships with leaders in schools, academies and children's services. We know that the Secretary of State values these strengths equally, writing in the same letter: 'I recognise the need for the College to continue to operate in a way that commands the confidence of leaders in schools and children's services.'

The changes under way also build on our knowledge and experience of what works in leadership and leadership development. A recent study by McKinsey & Company (2010) benchmarked the ways in which eight of the world's highest performing systems support school leadership.

The College's work featured prominently in the report, with initiatives such as national leaders of education (NLEs) and their national support schools (NSSs), our provision for school business managers, our local solutions approach to succession planning for school and academy leaders and the programme for directors of children's services all singled out as international exemplars.

This annual report sets out some of the impact that these and other College initiatives have had during 2010-11. Some of the headlines include:

- 99 per cent of headteachers are aware of the National College and 86 per cent of these agree or agree strongly that the National College helps to improve the quality of school leadership (BMG Research, 2011).
- The College has almost 80,000 active professional members.
- Ofsted's review of the London Challenge (Ofsted, 2010a) found that both secondary and primary schools in the capital have improved faster than those in the rest of England thanks to the Challenge, and attributes much of this success to the school leaders involved through the College's leadership strategy.
- Analysis of the 2010 SATs results shows that NLEs have supported more rapid improvement in the schools with which they worked. For example, average GCSE improvement (five GCSEs at grades A*-C including English and maths) between 2008 and 2010 in secondary schools supported by NLEs was almost twice the rate of improvement of schools that had not received this support.

Enabling the best leaders to drive system improvement

The Secretary of State's headline remit to the College, quoted above, recognises that after 10 years of investment and improvement in leadership the time is ripe for a well-managed transition to a model in which the best leaders are equipped and enabled to become the engines for improvement across the wider school system.

A national network of teaching schools, proposed in the white paper, will be at the heart of this shift. They will take responsibility for improving the quality of teaching and leadership and for ensuring a strong supply of talented leaders for headship, working with and through their partner schools and academies and their broader alliance. They will also play a key role in providing school-to-school support, thus ensuring that their professional development work remains sharply focused on improvement and the best leaders – designated as national, local (LLE) or specialist leaders of education (SLE) – provide support where it is most needed.

The National College's role in this will be to designate and de-designate teaching schools, NLEs and LLEs. Teaching schools will have responsibility for designating and deploying SLEs: outstanding middle and senior leaders from schools across their alliance who have the required capacity and commitment will support improvement in other schools and academies. Our ambition is to designate and support 500 teaching schools and to double the number of NLEs and LLEs by 2014.

We have made considerable progress on this during 2010-11. This has included learning from the work of national teaching schools (the forerunners of teaching schools) and the embryonic models for SLEs that emerged in the City Challenge areas and informed the white paper vision. Since the white paper was published, we have worked closely with the Training and Development Agency (TDA) to develop the approach and have consulted widely with over 2,600 leaders and stakeholders on the teaching school and SLE models, ready for the first tranche of teaching schools to begin their work in September 2011.

From national leadership programmes to a school-led approach

We are also changing the College's approach to supporting leadership development.

During its first 10 years, the College commissioned and ran a series of national programmes aimed at leaders at different stages of their careers, with over 150,000 participants to date. These programmes are popular and have had significant impact, with evidence that schools that have engaged with them have improved faster than those that have not. But this model of delivery faces three challenges:

- Participation is limited by the funding subsidy available, meaning that we can never hope to reach more than a small proportion of the leaders working in our schools and academies.
- The approach of commissioning programmes nationally can limit innovation and relevance for schools and academies in different contexts.
- We know from research that the best leadership development takes place on the job, with individuals learning from the best leaders as they undertake tasks that directly support school improvement; this can be difficult to achieve through national delivery models.

The answer, we believe, is to increase the degree to which schools and academies themselves take responsibility for developing high-potential leaders as part of their wider improvement work, working with the best providers and universities as appropriate. Therefore, the College has been moving to a new approach in which we license schools, academies and other providers to offer leadership programmes, giving them significantly more flexibility over how they respond to the needs of their schools and contexts.

An example of this approach is the cluster-based model of provision for middle leaders, which the College has piloted since 2009. In this model, strong schools and academies apply to provide leadership development for middle leaders across a cluster of schools and/or academies. The College provides materials, training and support, but the lead schools

can remain flexible in their approach in order to meet the needs of their cluster. The middle leaders undertake a project focused on reducing variability in teaching quality or narrowing gaps in pupil outcomes, and the learning is recognised as contributing to a Master's degree by a range of universities. The number of clusters involved in the 2010-11 pilot was 173 and the white paper announced that the College will expand this model further.

When the National Professional Qualification for Headship (NPQH) was redesigned in 2007-08 it similarly sought to increase learning on the job and from the best leaders. Key to this was the introduction of a compulsory placement in a well-led school for all participants, thus actively engaging the best schools and leaders in developing the next generation of leaders. The model has been successful, with almost 1,900 trainee heads joining this year and 99 per cent of participants rating the programme as good or very good.

Nevertheless, NPQH must continue to evolve if it is to meet the needs of leaders in a more diverse and autonomous system and remain the qualification of choice for leaders in all types of school and academy. So we were pleased that the white paper asked the College to redesign NPQH to ensure that it meets the highest standards for leadership development set internationally and in other sectors of the economy. The revised qualification should draw on learning from MBAs and international best practice, and be in place from January 2012. Since the white paper was published, we have commissioned new research and worked intensively with a group of 20 outstanding headteachers and principals as well as other experts to develop proposals for the new model. We believe this has the potential to enable the best schools and providers, including prestigious universities, to develop powerful leadership learning experiences that respond to different contexts and needs and support learning throughout leaders' careers.

Other areas of development headlined in the white paper include the following:

- Expanding successful niche programmes such as Teaching Leaders and Future Leaders, which focus on accelerating development and meeting the needs of the most challenging schools.

- The development of training for chairs of governors in schools is an exciting opportunity since England's 21,000 chairs play a critical role in the strategic development of schools and school leadership. This will grow in importance as more schools become independent academies. We have begun to consult on how to develop this approach in a way that builds on existing high-quality provision and secures impact within the resources available.

Managing the transition

Developing a system in which the best schools and leaders are in a position to really drive school improvement and leadership development on behalf of all schools and all children will take time. It will be important to manage the transition carefully and to test and evaluate the approach to ensure that the supply and quality of leaders and leadership do not drop.

As the capacity of teaching schools expands to take on their remit for succession planning and leadership development, many of the College's responsibilities and resources in these areas will reduce. Other areas will change and reduce to reflect changes in policy and the move away from national prescription and control.

This process is already under way: we closed 12 College programmes and initiatives during 2010-11 (see Annex 2) and we expect to close or integrate as many other programmes in the years ahead. This will include passing responsibility for all our provision for serving and aspiring directors of children's services to another organisation by April 2012. We will retain our role in supporting children's centre leaders and are excited at the potential this has to support such an important and fast-changing sector.

The College's overall staffing has reduced by almost a quarter during 2010-11 as a result of redundancies and the recruitment freeze introduced by the Cabinet Office. We have also begun a College-wide restructure in order to ensure we have the skills and capacity we need to deliver our new remit. This has started with the leadership group, which will reduce from 28 members at the beginning of 2010 to 15 members by 2014 once a number of transitional roles have ceased.

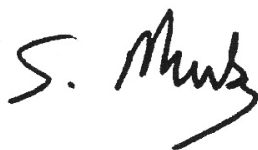
We have maintained clear communication with our staff throughout, and our annual staff survey shows an ongoing high degree of commitment to working for the College. We are also working closely with the DfE as part of its wider review of arm's length bodies and efficiency programme to move towards shared services across most back-office functions as the College becomes an executive agency in April 2012, which should also increase efficiency.

An exciting future

The College has continued to deliver on its remit and make a real impact on the quality of leadership and children's outcomes this year, as this annual report demonstrates. It has also continued to shape new thinking and approaches, for example through its work with Professor David Hargreaves, Associate Director for Development and Research for the Specialist Schools and Academies Trust (SSAT) and Fellow of Wolfson College, Cambridge, on the implications of a self-improving system for school leaders and its research into the ways in which directors of children's services improve outcomes for children through resourceful leadership. At the same time the College has begun a process of significant change which will transform its work and further improve the quality and impact of leadership in schools and children's centres in years to come. We are genuinely excited by the challenges and opportunities our new remit represents and we look forward to working in partnership with leaders and key partners in the year ahead to begin to make this a reality.

Vanni Treves
Chair

Steve Munby
Chief executive



1: Enabling the best leaders to lead improvement

The College has pioneered approaches that enable the best leaders to drive system improvement. By designating and de-designating highly effective leaders and their teams as national and local leaders of education (NLEs and LLEs respectively), and then working to help broker these leaders to support struggling schools and academies, we have created a model for sustainable school-led improvement which avoids the need for costly intervention by national field forces and consultants. It also enables outstanding schools and academies to continue learning and improving, with evaluation from Ofsted (2010b) showing that they are growing the next generation of leaders in the process. This school-to-school support approach has moved centre stage as a result of the white paper and we will be doubling the number of NLEs and LLEs in the years ahead.

During this year we closed down two programmes and initiatives in this area:

- leadership strategies (formerly City Challenge)
- Gaining Ground

Leadership strategies

The National College has worked with DfE advisors and outstanding leaders to develop and deliver tailored school-led leadership initiatives for schools in challenging contexts in London, the Black Country and Greater Manchester as part of a wider range of support provided to primary and secondary schools across 47 local authorities. Development is personalised to meet the needs of individuals (both leaders and potential leaders) and reflects their particular context and career stage. The package of support includes identification, training and deployment of system leaders (NLEs and LLEs), tailored support for targeted schools (known as keys to success and pathways to achievement schools) and the creation of outstanding practitioner networks.

The work has not just focused on weaker schools and academies, but has also supported the development of middle leadership and succession planning approaches for example. The initiative included work to support schools in London and Greater Manchester identified as needing to progress faster through the DfE's Gaining Ground programme, which also involved the brokerage of school-to-school partnerships.

Over the course of 2010-11, 597 headteachers worked as system leaders across 767 schools, including 337 leaders in London, 180 in Greater Manchester and 80 in the Black Country. The average rate of improvement in GCSE results (five GCSEs at grades A*-C including English and maths) for secondary schools supported through National College City Challenge activity between 2008 and 2010 was one and a half times that of schools not engaged in the programme. Since 2008, primary schools in these areas have improved by 12 percentage points more than non-engaged schools.

A review of the London Challenge by Ofsted (2010a) states that the National College co-ordinated leadership strategy has been a key element in the success of the overall approach. It found that:

Networks of experienced school leaders from the [College's] London Challenge Leadership Strategy... provide much of the expertise to tackle the development needs within supported schools and drive improvements in progress. A key strength of these leaders is their skill in matching people and schools, creating a sense of mutual trust. The leaders of the schools that contributed to the survey stated positively that the support is implemented with them and not imposed on them.

Ofsted, 2010a:6

Similarly, an evaluation of the leadership component of the City Challenge initiatives by the National Foundation for Educational Research (NFER, 2011) indicates this has been key to driving the overall success of the programme.

Both the City Challenge leadership strategies and Gaining Ground programme were closed by March 2011. The learning from these leadership initiatives is informing the development and expansion of our leaders of education activities and the establishment of teaching schools.

Local leaders of education

LLEs are successful headteachers who work as coaches and mentors with partner headteachers to build capacity and improve pupil outcomes. LLEs are designated against clear criteria by the National College in partnership with local authorities. LLEs have been instrumental in the delivery of work within the leadership strategies regions of London, Greater Manchester and the Black Country and have also been deployed within a further 96 local authorities over the course of 2010-11. A total of 1,770 LLEs have now been designated nationally.

National leaders of education and national support schools

NLEs are outstanding school and academy leaders who, together with the staff in their school or academy (designated as a national support school), use their knowledge and skills to provide additional leadership capacity to schools and academies in challenging circumstances. Launched in autumn 2006, by the end of March 2011 there were 490 designated NLEs for the primary, secondary and special school phases. Over 500 struggling schools were supported during 2010-11.

The benefits of the NLE programme have not just been felt by the schools and academies being supported. The schools and academies providing support have also benefited from new ideas, an increase in their leadership skills and new

challenges and experiences. As a result, not only have the majority of supported schools and academies improved faster than the national average, but many NSSs providing the support have also continued to improve. In the process, over 500,000 pupils attending these schools and academies have benefited.

NLEs have supported more rapid improvements in the schools and academies with which they have worked. Average GCSE improvement (five GCSEs at grades A*–C including English and maths) in secondary schools and academies supported by NLEs between 2008 and 2010 was almost twice the rate of improvement of schools that had not received support. Primary schools supported by NSSs significantly improved (by 7.9 per cent) while nationally the results remained steady. Ofsted's 2009-10 annual report stated that: 'of the schools that came out of special measures during 2009-10, 24 per cent had been assisted by an NLE' (Ofsted, 2010c:141).

A review by Ofsted (2010b) looked at how NLEs and NSSs grow leaders in the process of supporting struggling schools and academies. It found that the middle and senior leaders from both schools are challenged and supported to share their expertise, which provides a highly effective form of leadership development and enables school improvement at the same time, creating a virtuous circle.

National teaching schools

The white paper asked the College to designate and quality assure a national network of teaching schools, in partnership with the TDA. Teaching schools will work in partnership with other schools to provide high-quality teacher training, professional development, leadership development and support for schools that face challenging circumstances. They will not be the only providers of such services and it will be up to other schools, local authorities and individuals to use or link with them as appropriate.

The model for teaching schools draws on the experience and work of national teaching schools, which the College has developed in partnership with DfE advisors and school leaders through the City Challenge programme. Ofsted's review of the London Challenge collected evidence on national teaching schools and the programmes they offer (for example, the Improving Teacher Programme and the Outstanding Teacher Programme). It found that:

Teachers on these programmes universally welcomed their impact on the quality of their teaching. School managers could point to measurable improvements in the quality of the teaching, with consequent improvements in outcomes for pupils. Providers also noted that the quality of their own teaching had improved further. This was the primary reason why teaching schools wanted to continue with this work: they recognised that their own staff and pupils benefited. They were careful to monitor the time teachers spent out of lessons and the potential disruption to classes caused by course participants practising their new (or re-discovered) skills in the host school's classrooms.

Ofsted, 2010a:15

2: Developing leaders of schools and academies

The College encourages teachers to aspire towards leadership roles and to help those already in leadership positions to become heads and principals. Our commissioned and licensed leadership development provision provides support to developing leaders, including focused activity aimed at identifying and supporting those with the greatest potential to move more quickly and effectively into leadership positions. Our succession planning programme provides targeted support to individuals to encourage them into headship, and supports schools, academies, their governors and local authorities in developing their own strategies to increase the supply of good leaders.

Our leadership development programmes serve leaders of schools, academies, children's centres and children's services throughout their careers. Since 2000, over 150,000 leaders have benefited from our programmes. Schools engaged with the College's leadership development programmes have improved more quickly. The Key Stage 2 (KS2) results of schools that have engaged with at least one of the College's development programmes increased by 3.8 per cent between 2006 and 2010, compared with 3.5 per cent in schools that had not engaged¹. The KS4 results of engaged schools increased by 10.6 per cent between 2006 and 2010, compared with 9.2 per cent improvement in schools that had not engaged².

During this year, as part of our response to the government's deficit reduction programme and new education policies, we closed down three programmes and initiatives in this area:

- Associate Heads
- Developing Senior Leadership Teams
- Multi-Agency Team Development

Support for middle leaders

Middle Leadership Development Programme

Our Middle Leadership Development Programme (MLDP) is a pilot approach in which clusters of schools and academies work together to develop their middle leaders, such as heads of department, heads of key stage, heads of year and curriculum co-ordinators. Our aim has been to develop a self-sustaining approach that embeds leadership development in the day-to-day life of schools and supports school improvement at the same time.

Each cluster is led by a strong school or academy licensed by the College to offer the programme. School-based facilitators from the cluster – usually experienced middle and senior leaders – are trained and quality assured by the College. They can draw on high-quality materials and support, but have flexibility over how these are delivered and adapted to meet the needs of their context. In addition to training and mentoring, participants on the programme undertake an in-school leadership project focused on reducing variability in teacher performance or closing gaps between the outcomes of different groups of pupils.

The programme is accredited at 30 Master's level Credit Accumulation and Transfer Scheme (CATS) points by a range of universities. The pilot commenced in autumn 2009 and this year we have focused on extending the pilot and preparing for national roll-out from April 2011. A total of 42 per cent of the schools engaged in the pilot had not previously had any member of staff on Leading from the Middle (the College's nationally commissioned programme for middle leaders which will close as MLDP goes to scale – see below), which suggests that the model is successfully increasing our reach. The pilot programme involved 173 networks representing over 790 establishments. A further 450 schools have expressed an interest in signing up to deliver it from April 2011.

¹ KS2 +Level 4 percentage combined English and maths (final) 2006–10

² GCSE percentage grades A*-C (including English and maths) (final) 2006–10

Over the course of the pilot we have conducted a test-and-learn evaluation in order to learn about what is working and what needs to be adapted. This found that 80 per cent of the middle leaders on the programme feel that training provided by a network of local schools offers additional value compared with traditionally delivered training programmes. Although it is too soon to gauge the impact of the programme, initial evidence suggests that the in-school leadership project that each participant undertakes has enabled middle leaders to make a difference and to develop a better understanding of how they can influence change as well as a belief that they can lead change. A further benefit is the impact of the programme on the professional development of the in-school facilitators, ranging from enhanced facilitation skills to gaining promotion after being involved in the programme.

The white paper asks the College to expand the MLDP approach and notes that it provides significantly better value for money than the nationally commissioned alternative.

Leading from the Middle

Leading from the Middle is a 10-month professional development programme for middle leaders in schools. It equips them to lead improvement in their area and increases the supply of individuals into senior leadership. Participant engagement and commitment has continued to remain high, with 3,954 participants undertaking the programme during 2010-11 with a 94 per cent participant satisfaction level. The programme will be closed as a nationally commissioned offer in 2011 and will then be made available through a non-subsidised licensing approach, which will enable appropriate providers to offer it competitively in the marketplace. The programme is accredited at 30 Master's level CATS points by a range of universities.

Teaching Leaders

The Teaching Leaders programme exists to develop a cadre of outstanding middle leaders in secondary schools whose teams are able to measurably raise the achievement and therefore life chances of children in the most challenging schools. It was launched in September 2008 with founding members ARK, the National College, Teach First and Future Leaders, and is operating in London and the south east.

Pupils targeted by the improvement initiatives that have been undertaken by participants on the programme are outperforming their expected levels by an average of one grade. Over 50 per cent of the first cohort of participants have been promoted, the majority within their own schools, and all have been retained within inner-city teaching. An independent evaluation report (CARIS Associates, 2010:3) found that the programme 'has the potential to make a significant and valuable contribution to building middle leadership capacity for schools in challenging circumstances... the benefits and early indications are that it is having a positive impact on pupil outcomes'.

There are currently 117 Teaching Leaders participants and 24 alumni of the programme working across 81 schools. In addition, a further 10 schools have received training modules through the new Teaching Leaders On Demand programme.

Support for senior leaders and accelerated routes to headship

Leadership Pathways

Leadership Pathways is a one-year nationally commissioned programme offering senior school leaders (ie current and aspiring members of the senior leadership team) access to the latest in leadership thinking and school practice. The programme has had a successful year, with 3,865 participants during 2010-11 and a 94 per cent participant satisfaction level. The majority of participants feel that the programme has significantly improved their leadership practice and given them the confidence and ability to suggest and implement change.

Examples of the impact that participants attribute to Leadership Pathways include changes to the way that classes are set up and run, improved pupil progress derived from the development of new learning approaches, and the creation of intervention strategies to help drive up results by using data more effectively.

An evaluation study of over 100 graduates of the programme showed that 84 per cent had recommended the programme to colleagues. Furthermore, half had achieved next-stage promotion since completing the programme, and nearly all (83 per cent) of these individuals felt that the programme had helped them to do so.

The nationally commissioned programme is being closed and replaced with licensed provision. This will license strong schools to provide Leadership Pathways on behalf of a school cluster, and may also license commercial providers. The last cohort will complete the commissioned programme in September 2012.

Tomorrow's Heads

Tomorrow's Heads is a new commissioned intensive leadership development programme. It fast tracks those with high potential for leadership, including those from non-teaching backgrounds, who have the ability and commitment to follow this accelerated route into the leadership of primary, secondary or special schools in England. Following an initial assessment, participants choose from a range of leadership development programmes offered by higher education institutions, business schools, and private and voluntary sector providers. They also undertake extended placements in two outstanding schools, a two-week residential event and intensive coaching.

The first cohort commenced in September 2010, and will complete the programme within three years. There are currently 108 participants on the programme, 23 of whom have already gained a promotion. Two have gained a headship. Participant evaluation indicated that 93 per cent are satisfied with the provision. Since the online community for Tomorrow's Heads was launched, participants have been taking advantage of networking with their peers and seeking advice from colleagues – this has involved 123 online discussions and over 1,600 responses.

The College successfully delivered the leadership school aspect of the programme in February 2011. This is an intensive residential programme element, designed to inspire, motivate and challenge participants' leadership learning. Participant feedback shows that satisfaction levels reached 93 per cent (good or very good) and 100 per cent of respondents said that phase 2 had met their expectations.

Future Leaders

Future Leaders is a three-year intensive leadership development programme aimed at current or former teachers who are committed to following this accelerated route into leading challenging urban secondary schools in London, the north west, the Midlands, Yorkshire and the Humber, and areas on the south coast. An external evaluation of the pilot (Institute of Education, 2007-10) has demonstrated some early successes in progressing participants into leadership positions, with the first heads taking up post in 2009. The programme moved from a pilot to a commissioned programme this year. At the end of March, 66 participants were in their first year of the programme, 53 in their second and 46 individuals were in their final year.

Support for aspiring and serving heads and principals

National Professional Qualification for Headship

NPQH is the mandatory qualification for headship for all those wanting to work in maintained schools in England. From 1 April 2009 only those who had successfully completed NPQH were able to be appointed to their first substantive headship position. One of the programme's key purposes is to ensure that governing bodies have a range of high-quality graduates from which to choose when appointing a new head. Although it is not mandatory for principals in academies and heads in independent schools, significant numbers of leaders from these sectors undertake the qualification. For example, four per cent of all participants in 2010-11 were from the independent sector, despite the fact that participation is not subsidised for this group. The programme is accredited at 60 Master's level CATS points by a range of universities.

The current commissioned programme is underpinned by the National Standards for Headteachers and has been designed for highly motivated people who are focused on becoming (and are ready to become) a headteacher within the next 12-18 months. Entry on the programme involves a rigorous application and assessment process, following which participants agree a personalised development programme with their coach focused on building on their strengths and addressing development priorities. This always includes a placement in a good or outstanding school and finishes with a robust graduation board to assess whether the candidate should be awarded the qualification.

Among maintained schools, 40 per cent are now led by an NPQH graduate and analysis shows that these schools are more likely to improve their key stage results, more likely to improve their inspection rating, and come out of special measures more quickly than schools that are not led by an NPQH graduate.

Almost 1,900 trainee heads joined the programme in 2010-11, exceeding our target of 1,600. One intake round this year received 723 applications, the largest number since the programme was redesigned in 2008. The quality of applications was also higher than in previous intakes, with just 12 per cent judged not yet ready to enter the formal assessment and development phase of the programme. Our monitoring this year shows that 99 per cent of participants rate the programme as good or very good, 98 per cent think that the programme has impacted positively on both their own leadership and their school, and 100 per cent felt the graduation board provided a robust challenge.

The 2010 white paper asked the College to review the content and delivery of NPQH to ensure that it meets the highest standards for leadership development set internationally and in other sectors of the economy. The revised qualification should draw on learning from MBAs and international best practice, and be in place from January 2012.

Since the white paper was published, we have worked intensively to develop proposals for the Secretary of State on the new approach. At the heart of the design work has been a group of 20 outstanding headteachers, ranging from heads of small rural primaries to principals of sponsored and converter academies and heads of some of the best-known independent schools in the country. In addition a small consultation group of headteachers has provided further challenge and critique, while groups of aspiring heads and middle leaders have given a wider perspective. We have also engaged with leading corporate organisations to understand their leadership development practices as well as the Admiralty Interview Board to learn about its officer selection process. We have drawn evidence from our evaluations of the current NPQH, and commissioned research into the very best MBAs nationally and internationally as well as equivalent headship preparation programmes in five high-performing education systems around the world. We have also commenced a market analysis with potential providers and a series of interviews with chairs of governors. Our proposals for the new NPQH will be submitted to the Secretary of State towards the end of April 2011.

Associate Academy Principal Programme

The Associate Academy Principal Programme (AAPP) is aimed at aspiring academy principals who want to develop the skills and confidence to take on the role of principal. The programme is accredited at 60 Master's level CATS points by a range of universities. It is one of a number of initiatives that we have continued to develop this year to ensure we are meeting the needs of academy leaders.

Developed in partnership with the Independent Academies Association (IAA), the AAPP includes opportunities to visit academies, work with academy leaders, be coached by an academy leader and undergo 12 hands-on development days. The first pilot cohort completed in July 2010, and 100 per cent of participants rated the programme as good or very good. The second cohort is under way. We will evaluate the programme in 2011-12, and this will include contacting the original pilot group to assess the programme's longer term impact.

Head Start: support for new headteachers and principals

Head Start provides a seamless leadership development pathway from NPQH into headship. It is aimed at helping NPQH graduates to find a headship, preparing them to take up the role, and supporting them during the first two years of their headship in order to help them to become highly effective as quickly as possible. It therefore provides new headteachers with a seamless leadership development pathway from completion of NPQH into the first years of a first headship. The programme includes support from an experienced, effective headteacher (termed a Professional Partner), together with a range of online leadership development materials and local induction provision. The programme has supported 1,475 new heads in 150 local authorities and dioceses. As part of this offer, 1,273 serving headteachers have received professional partner training, and 98 per cent of them felt that this would benefit their own leadership and would recommend the training to other serving heads.

Succession planning and diversifying leadership

Ensuring the supply of talented leaders

The school leadership profession continues to face a significant demographic challenge. Three-fifths of heads are aged 50 or older, and 3 out of 10 are aged 55 or over. Our latest modelling shows retirement rates rising to an unprecedented high, with a quarter of headteachers expected to have retired by 2014. Heads have always represented the older proportion of the profession, but never to this extent – for example, in the late 1990s, only 4 in 10 were 50 years or older and just over 1 in 10 were aged 55 or over. The supply of new heads will need to match the retirement of the baby boomer generation, and this is a particular challenge given that nearly 4 in 10 senior leaders are aged over 50. Historically, NPQH supply has exceeded headship demand in all phases, but primary schools, special schools, small schools and faith schools now face higher levels of challenge when recruiting heads.

The National College's work in 2010-11 has continued to reduce the risk of headteacher shortages by building a culture of talent management in schools. The aims of the succession planning programme have been to bring more high-quality people through more quickly to senior leadership and headship, and to retain the best leaders. Rather than a national, top-down approach, we have worked to support local solutions to the challenge, encouraging each local area to develop sustainable approaches to talent identification and management.

The College's expert associates have worked in partnership with groups of schools, local authorities, dioceses, headteachers and governing bodies to develop these approaches with considerable success. All local authorities have implemented succession strategies, and 92 per cent of these have been evaluated, and demonstrated a positive impact on meeting their succession planning challenges. The College has provided targeted grants to address specific challenges such as recruitment in primary, rural, special and faith schools.

There is encouraging evidence of progress against the key indicators. If the vacancy rate as predicted in 2007 had not been checked, it is likely that this year the system could have been facing in excess of 870 schools without a permanent headteacher. Our work has contributed to a reduction in the number of temporarily filled posts from 2.7 per cent in 2009 to 2.5 per cent in 2010, and the vacancy rate has remained low and stable at 0.7 per cent. In addition, deputy and assistant head vacancies fell from 0.7 per cent in 2009 to 0.4 per cent in 2010. The succession programme has therefore exceeded its targets for each of the last three years. The arrival of the School Workforce Census has changed the way in which these outcomes are monitored, and we are setting new targets for 2011-12 and onward.

Our Targeted Support provision aims to support and encourage NPQH graduates into headship. We have delivered significant savings in the unit cost per participant of this provision by providing matched funding for groups of local authorities working collaboratively and through more cost-effective buying of venues and facilitators. Our most recent survey of this work (February 2011) showed that within 18 months, 35 per cent of supported NPQH graduates achieved headship and 43 per cent of pre-NPQH participants had successfully applied to NPQH. This provision now has 54 projects in progress supporting 2,200 participants. The impact from this investment will start to be reported when the projects complete later in 2011.

All dioceses have signed up to a partnership agreement with the National College and engaged with our Targeted Support strategy, and all but two have provided invaluable recruitment and workforce data for the sector for the first time. There is a strong welcome for the strategy by dioceses, and enthusiastic feedback from participants. Over 800 participants to date have attended workshops on leading a faith school or the targeted pre- and post-NPQH leadership development programmes, and feedback from participants has been overwhelmingly positive. Our Targeted Support for academies is receiving similar feedback. Our career consultations which began in January 2007 have also achieved significant impact: 42 per cent of those receiving this support have been promoted to headship, and a further 14 per cent to a senior leadership position.

Promoting equality and diversity in leadership

The best estimates, based on our research and intelligence and the annual Education Data Surveys (EDS) on the state of the school leadership labour market (Howson & Sprigade, 2010) had suggested that around two per cent of senior school leaders are from a black or minority ethnic (BME) background, and this has now been confirmed by the School Workforce Census, which shows that the figure is currently 2.4 per cent. We are committed to promoting diversity in the leadership population that we serve, so that it becomes representative of the teaching staff that it leads. We have taken active steps to address under-representation through targeted positive action schemes.

Our School Inspection Shadowing Programme for Black and Asian aspiring leaders began in 2008. This provides leaders from Black and Asian backgrounds with the opportunity to shadow Ofsted inspection teams on two separate school inspections, providing an inside look at how the process works. Since it began, almost 100 participants have taken part in this programme, and 30 have engaged with the programme this year. An evaluation of the programme (Network for Black Professionals, 2011) found that 50 per cent of respondents achieved a next-stage promotion within 3 years, and that 75 per cent of these promotions have been to assistant, deputy or headteacher post. All the participants on the programme and their headteachers said that they would recommend this development opportunity to a colleague. In addition, 81 per cent of headteachers surveyed said that the whole school had benefited from the programme.

Equal Access to Promotion (EAP) is a six-month programme run in partnership with the National Union of Teachers (NUT) for BME middle leaders in schools. It provides both effective leadership development and strategies that support and encourage progression into senior leadership roles. Previously available as a module within Leadership Pathways,

development work during this year has focused on moving this provision to a stand-alone programme with effect from September 2010. Since then, there have been 114 participants; 96 per cent of these said that they were satisfied with the provision. An external evaluation of EAP (CSK Strategies, 2011) showed that 40 per cent of participants had gained a promotion since participating on the programme and the majority are continuing to seek further promotion. This study also found that 90 per cent of participants said that they were now more aspirational in terms of wanting to progress into senior roles, and 78 per cent said that they believed EAP had contributed to the development of leadership in the school and in particular that their school-based project had been of significant value.

This year we have run four focused training events aimed at aspiring leaders from under-represented groups, and evaluations show that these significantly increased the aspiration of participants to progress into senior leadership. We have grant-funded 22 local projects that have delivered various types of local provision. Early indications suggest these have had high impact, and a thorough assessment is under way.

BME representation on our leadership development programmes is increasing. We set ourselves the target that those who engage with our programmes should reflect the ethnic diversity of the teaching profession within five years. This meant that our target for 2010-11 was 4.5 per cent, and the outcome is that 5.7 per cent of our participants this year have been from BME backgrounds. We will be raising our target for next year, aiming to reflect diversity in the teaching profession within three years. We have also set a new target for our positive action provision, and will expect 20 per cent of those who have taken part to have been promoted within a year.

Support for experienced heads

Primary Executive Headteacher programme

This programme first became available in January 2010. It supports the growing number of existing and aspiring executive headteachers in the primary phase. The provision is flexible and personalised for individuals in a variety of contexts, such as those running established federations or those leading the evolution and development of new arrangements. Our activity this year focused on developing and piloting the provision, in which 63 headteachers took part. Work has taken place following a review of this pilot to develop and initiate a bespoke licensed model that will be available from 2011.

Fellowship Programme

In 2010-11, 20 NLEs benefited from the Fellowship Programme, which is designed to enable them to develop as system leaders and inform national policy. The programme includes the offer of an executive coach along with opportunities to participate in top leadership programmes at business schools and universities in England. Some members of the group visited and studied with experienced school leaders at the National Institute of Education in Singapore. In March 2011 the participants spent a week together developing and presenting proposals to address a Fellowship Commission set by ministers. This year's commission concentrated on how to ensure the success of the teaching school model. The provision for this year was successfully delivered with a 25 per cent reduction in total cost compared with previous years.

3: Efficient and effective leadership

The College's work to support efficient and effective leadership includes its work to train and develop school business managers (SBMs) throughout their careers. There is strong evidence that trained SBMs are adding significant value to schools, saving both money and the time of heads and other leaders so that they can focus on their core role of leading teaching and learning. While most secondary schools and academies now have a trained SBM, only around a third of primaries do, so we have been supporting primary school partnerships to share SBM expertise. The role of a skilled SBM becomes even more important for an independent academy, so the College has piloted provision this year to ensure those additional financial skills can be developed. In addition to provision for SBMs, this section includes details on a range of other College programmes aimed at key leadership priorities and groups.

During this year, as part of our response to the government's deficit reduction programme and new education policies, we closed down or completed eight programmes and initiatives in this area:

- SBM Demonstration Project
- Maximising Progress Programme
- Primary Curriculum Review
- 14-19 Leadership Development
- Careers Education Information Advice and Guidance
- International Leadership Learning Programme
- School Improvement Partners
- Capital Investment Leadership Programme (formerly BSF and Primary Capital)

School business management

SBM programmes and qualifications

The aim of the College's SBM work is to develop programmes and initiatives that provide participants with the essential skills and competences needed to ensure schools make the best possible use of their resources and facilities, thus enabling headteachers and other leaders to focus even more on leading teaching and learning. The programmes are available at four levels, each with an associated qualification: certificate, diploma, advanced diploma and school business director. The latter qualification was established last year and is accredited at 60 Master's level CATS points by a range of universities. Since the first programme began in 2003, 9,000 people have taken up one of our SBM programmes.

During 2010-11 over 2,500 participants took part in the College's SBM offer which achieved a participant satisfaction of over 95 per cent across the board, a 5 per cent lift on last year's results. A PricewaterhouseCoopers cost-benefit analysis (April 2010) showed that for every pound invested in school business management, schools secured a £1.80 return. This return on investment increased markedly with the level of qualification and when SBMs operated across clusters of schools.

The College has also this year developed a training programme for SBMs to gain the necessary skills to operate effectively in academies. A 20-place pilot programme is being delivered by the Chartered Institute of Public Finance and Accountancy (CIPFA) through a licensing agreement with the College. The course will be made available to all SBMs on a full-cost recovery basis in June 2011, following evaluation of the pilot.

A series of short workshops aimed at improving the effectiveness of SBMs has been developed this year and will be made available to the market through a licensing approach. These workshops cover effective procurement, income-generating opportunities, and how to get the most from an SBM.

Extending SBM expertise into primary schools through partnerships

Last year, 35 demonstration projects aimed at exploring the practical implications and impact of the advanced school business manager (ASBM) and school business director (SBD) roles were completed. These projects provided shared access to school business management expertise to groups of schools that previously had no SBM. Research (Oakleigh Consulting Limited, 2009) into 19 of the demonstration projects showed that an estimated saving in excess of £3 million over these projects had been achieved, equating to a return on investment of 10:1. The SBM Demonstration Project was completed this year.

The learning from these original demonstration projects has informed the establishment of a further 200 school clusters in 2010-11 – involving mainly primary schools – that are sharing a skilled SBM. By March 2011, £3.5 million in grants had been awarded to support these SBM primary partnerships, one of which has been established in every government region and in 105 (70 per cent) of all local authorities. A total of 1,260 schools are involved, 94 per cent of which are primaries. This has increased the number of primary schools with access to an SBM by 6.6 per cent during this year, particularly important as only a third of primary schools have access to SBM support.

Wider provision to address key priorities and groups

Supporting innovation and change in models of leadership

The College is helping to support schools and leaders who wish to develop alternative models of school leadership for their local area such as chains, federations, collaborations, partnerships, trusts, academies, and so on. It focuses on the leadership and governance implications of these changes and operates by connecting schools with others that have already faced similar challenges. These developments are

helping to provide new leadership opportunities and to make headship more attractive, thereby growing and sustaining the supply of leaders. Our online resources relating to models and partnerships are consistently among the College's most popular downloads and purchases, and we know that the College's website is the number one online destination for school leadership issues. The information resource 'Introduction to models' has been requested over 5,000 times, averaging 385 copies each month, and has been in the top 10 downloads for 8 of the last 13 months, 6 months of which it was number 1. Our work on models and partnerships has engaged over 2,000 individual schools and academies, and support has been requested by all 150 local authorities and over a third of the 62 dioceses in England.

Achievement for All

Achievement for All (AfA), which aims to improve provision and outcomes for children and young people identified with special educational needs and/or disabilities (SEND), was established by DfE in 2009 with the College focusing on the implications for school leadership. The initiative engaged with 454 primary and secondary schools in 10 pilot local authorities.

Evaluation of the project, commissioned by DfE, has shown that SEND pupils in the schools supported by AfA have made greater rates of progress than comparable SEND pupils in unsupported schools. Other significant positive impact has included more effective parental engagement, reduced persistent absence, increased engagement in a broad range of other activities, and improved peer relationships. Three regional conferences were held in March 2011 to engage non-AfA schools in the project. AfA was also featured in the green paper on SEND (DfE, 2011). Our publication *Achievement for All: Leadership matters* was published in March 2011. The pilot phase of AfA concludes in July 2011 and the College's continuing role will be determined once DfE has commissioned an organisation to oversee the wider dissemination of AfA from September 2011.

National Register

DfE funded the College to develop and provide a national register of schools and individuals that fall within the remit of the College's activity. The register was initially intended to provide the necessary support for the designation and deployment of local and national leaders of education. It will now also support the designation and deployment of teaching schools and specialist leaders of education, providing a light-touch approach that enables school-led delivery.

Chairs of governors

The white paper asks the College to develop training for chairs of governors. A seminar took place in January 2011 involving outstanding governors, partner organisations and other key stakeholders to develop our ideas in response to this. An options paper was presented to DfE outlining several areas of possible development, and the College has been asked to develop training materials and a handbook for chairs of governors during the next financial year.

4: Leading children's centres

Sure Start children's centres are critical to early intervention and meeting the needs of the most disadvantaged children and families. The recent reviews of the Early Years Foundation Stage (Dame Clare Tickell, 2011), child poverty (Field, 2010), early intervention (Allen, 2011) and social mobility have confirmed this. Children's centre leaders have significant skills in joining up services and meeting community needs. However, the sector is still relatively new and faces ongoing change. This includes a greater need to adopt evidence-based approaches, a push to focus services on the most disadvantaged, new models for accountability and payment by results, and new service offers such as relationship support as well as reform of the Early Years Foundation Stage. This is in the context of wider change across local authorities and the health sector which affects children's centres. The College's work in 2010-11 has helped to equip children's centre leaders with the skills and confidence they need to succeed, whilst also beginning to build a more self-improving model for the future.

National Professional Qualification in Integrated Centre Leadership

NPQICL is a 10-month commissioned programme for leaders and deputy leaders of Sure Start children's centres that has been running since 2005. It is equivalent to NPQH for maintained nursery schools. This year, we exceeded our recruitment target of 400 by 33 participants. The programme achieved a 98 per cent satisfaction level, and the 99 per cent of participants who graduated provided evidence within their end-of-course assessment that their leadership has had a positive impact on children and families.

Children's Centre Leaders Network

The College assumed responsibility for the Children's Centre Leaders Network in August 2010 following a request by DfE. The network provides training and professional development opportunities for children's centre leaders nationally. Since assuming responsibility the College has hosted two rounds of regional events. During autumn and spring 2010-11, 18 events took place, and over 650 delegates attended. A total of 98 per cent of delegates rated the events as good to excellent. Planning is under way for the next round of training events during May and June 2011.

Extended and Integrated Leadership Development

This provision is aimed at improving outcomes for children and young people. It supports and develops leaders in working with partners, exploring new approaches to alignment with other agencies and systems, and working with parents, the community and families. It has done this through targeted challenge workshops, an enquiry programme developed with experienced NLEs, online resources such as the ECM Leadership Direct website which attracted 5,000 hits a month until its closure, and the design and delivery of local programmes. These activities were closed at the end March 2011, but the full portfolio of resources that were developed are being reviewed to inform the College's wider offer and provision.

5: Leading children's services

Since the College gained responsibility for leadership development in children's services in December 2008, we have worked in partnership with other agencies in the sector including the Association of Directors of Children's Services (ADCS) and the Centre for Excellence and Outcomes in Children and Young People's Services to establish leadership programmes for aspiring and existing directors of children's services (DCSs) as well as wider related provision and research. The strong partnerships that we have forged have enabled us to develop and deliver genuinely world-class leadership development that is firmly rooted in the needs of the children's services sector; our strategic partner Deloitte continues to play a crucial role in the design and delivery of DCS leadership and aspiring DCS programmes. Our ground-breaking research work (see section 6) has informed national policy and ensured that our provision is at the forefront of knowledge. We will continue to develop and deliver these programmes and initiatives until this work is transferred by DfE to another organisation by March 2012.

Director of Children's Services Leadership Development Programme

The DCS Leadership Development Programme, which was developed in partnership with the DCS community, supports DCSs in developing the skills and experience they need to provide dynamic leadership of children's services. The programme is accredited at 60 Master's level CATS points by a range of universities. Since the programme became available in November 2009, four cohorts have been engaged and expressions of interest are currently being accepted for a fifth cohort which is likely to complete in March 2012. Two-thirds of all DCSs (100 out of 153) have participated or are currently participating on the programme. Participant feedback has been very positive – for example, 88 per cent agreed that the programme had increased their confidence in their leadership practice.

All participants have indicated that involvement in the programme has had an impact on them personally, most commonly in improving their understanding of their role and the problems associated with it. There is also evidence that the programme is supporting cultural change within

local authorities and helping to promote a sense of community among DCSs. The provision has introduced new leadership concepts and language into children's services which is proving a useful way of centring on the real challenges faced by the sector.

Aspirant Director of Children's Services Programme

The Aspirant DCS Programme, which has been available since September 2010, is an extended leadership development programme for aspiring DCSs who are within 12–18 months of applying for appointment as a DCS. The aim is to support senior leaders in developing into credible, appointable candidates for the role of DCS. It helps aspiring DCSs to appreciate the complexity associated with the role and creates a pool of leaders with the necessary desire, knowledge, capability and experience to be considered for this significant senior leadership role. The first cohort of 40 participants is under way – the first of two residential events has taken place and work-based experiences are about to commence. Over 300 expressions of interest in this programme were received when it was first advertised, and feedback from participants has been very positive: almost 90 per cent of participants rate every element of the programme as good or excellent.

Director of Children's Services Mentor Plus Scheme

The DCS Mentor Plus Scheme supports newly appointed DCSs and others by matching them with an experienced DCS, using experienced brokering. Mentors receive some underpinning theory through induction and peer support events, and have the opportunity to share their mentoring experiences. Since its launch in September 2009, the DCS Mentor Plus Scheme has created 34 active mentoring relationships and has formally accredited 8 mentors. Our evaluation has highlighted that the scheme is much appreciated by both mentors and mentees alike. It is already widely recognised within the sector, and it is now commonplace for the College to be contacted directly by a newly appointed DCS requesting mentoring support, often within days of their appointment.

Director of Children's Services Peer Support Scheme

The DCS Peer Support Scheme is currently running as a pilot. It offers sector-led, peer-to-peer support to children's services departments facing particular leadership challenges. The aim is to contribute to the development of self-sustaining system leadership by experienced DCSs within the children's services sector. Available since the end of January 2011, the scheme now has four experienced peer supporters supporting six peers. An evaluation of the approach will be completed in June 2011 and will feed into the emerging sector-led improvement model.

Director of Children's Services Succession Planning Initiative

Our analysis shows that nearly one-third of all DCSs have moved on from their post in the past 12 months. This initiative aims to improve the quality and quantity of candidates for DCS posts. Funded by the College through the allocation of a succession planning grant to each of the regions, this initiative is highly devolved with responsibility for each regional programme being carried by a DCS sponsor accountable to the regional DCS group. Shortly before the end of 2010, regional plans for all nine areas were agreed and are now being delivered. Every region is offering a leadership development programme for between 40 and 90 senior leaders as well as other activity tailored to individual needs. The initiative has been strongly supported by senior individuals in the sector, and feedback to date tells us that it is addressing a real need.

Director of Children's Services Policy Commission

The overall purpose of the DCS Policy Commission is to facilitate and support DCS involvement in national policy development and to use this to inform the content and direction of other DCS leadership programmes. Given the pace of national policy development in 2010-11, it was agreed that rather than developing a discrete commission, the College would provide grant funding to ADCS to support two existing pieces of work with DfE on policy development.

These were: to advise on the development of a national funding formula for schools; and to support the development of a framework for sector-led improvement and support in children's services. Both pieces of work are in progress.

Working with our alumni

Several learning events have been undertaken with DCS alumni and have been extremely well received. Each of these events has been rooted in real work reflecting current debate, and has provided extended learning opportunities for the community. This has enabled the College and the sector to continue to grow knowledge in this area. The events have included Professor Eileen Munro seeking direct contributions for her forthcoming report on the child's journey, DCSs contributing towards the developing sector-led improvement model, giving authorities time to explore effective intervention, and developing thinking on the role of the local authority in school improvement. Each of these events has had real influence and has allowed learning to continue beyond completion of an individual programme.

6: Engaging with leaders and building our knowledge

Engaging with leaders

Membership

The College introduced a membership programme in 2009 to enhance its connection with the leaders it serves. Membership provides personalised access to events, leadership development programmes, publications, research and online communities. By the end of 2010-11 the College had almost 78,000 active members.

Website

Our redesigned website has maintained its position as the most popular online resource for school leaders in 2010-11 according to our annual survey. It had an average of 88,000 unique visitors each month, compared with 80,000 in 2009-10. The number of page views delivered by our online networking service now regularly exceeds 430,000 a month, representing a doubling of the activity rates achieved last year. Leaders are using our services to connect with each other in discussions: for example, headteachers posted over 10,000 discussion replies between January and March 2011.

Local engagement

The College's team of school associates – serving headteachers who spend one or two days each week acting as a link between the College and the profession – engaged with over 8,000 leaders over the course of the year. Local training events led by school associates achieved a 97 per cent satisfaction rating, and 34 per cent of leaders who engaged with these local training events had not previously engaged in College provision. A large proportion of these new members then went on to engage in other activities.

During the course of this year, the College has taken steps to improve communication and co-ordination between our associates at a regional and local level, and joined up our

activities with the aim of reducing duplication and presenting a single face of the College within each region. Case study evidence demonstrates the effect of this work on schools, with further work to take place over the next year to ensure that the best elements of this approach continue in the future.

Of particular significance this year has been the growth of the chairs' network. Chairs of headteacher associations from across the country have been brought together to share practice and develop strategies to support each other. From a very low base, we have achieved engagement from heads in almost 55 per cent of local authorities during this year.

Conferences

The College's highly respected annual leadership conference provides intensive, professional leadership development for leaders of schools, academies and early years settings, including a growing international audience. It provides delegates with the opportunity to benchmark themselves against and learn from the highest performing schools as well as business and other sectors globally. It aims to impact positively on delegates' leadership within and beyond their schools and to promote greater efficiencies through improved business management practice. The conference in June 2010 was attended by 1,836 delegates, 96 per cent of whom rated it as good or excellent and 94 per cent of whom felt the content was relevant to them.

The College's annual new heads conference supports first-time headteachers in gaining confidence, building supportive networks and learning about specific ways to improve their own leadership and school, and thereby to become effective as quickly as possible. The conference in November 2010 was attended by 421 delegates, over 90 per cent of whom were satisfied with the delivery and relevance of the conference.

Building our knowledge

Research and policy

The College's research into highly effective leadership and leadership development remains highly regarded by leaders. For example, 96 per cent of heads surveyed in early 2010 agreed that the College's research work is useful (Illuminas 2010).

The Research Associates Programme is a significant strand of our research work. It supports leaders of schools and children's centre in undertaking and publishing their own research. There are currently 40 leaders on the programme, with a series of reports published this year.

Key research projects commissioned and undertaken this year have included: publication of a thinkpiece by Professor David Hargreaves (Hargreaves, 2010), which explored the ways in which school leaders could work together to secure ongoing improvement in a more autonomous and less centrally driven system; completion of a range of commissioned research projects on how school leaders can successfully narrow gaps in pupil achievement; research into the distinctive nature of academy leadership, including for academy converters; research into the impact of school federations on pupil outcomes; research into the ways that clusters and chains of schools are effective in growing leaders; and research into MBAs and cutting-edge school leadership development to inform proposals for the new NPQH.

Our research work is widely disseminated to leaders, most importantly by informing the content of College provision. For example, the research team has led the development of the curriculum materials for MLDP this year, working closely with school leaders and leading academics. It has also led the development of a new modular approach for offering College provision in the future.

The College's research into DCS leadership (Canwell et al, 2011) broke new ground by examining the ways in which children's services leaders galvanise resources to improve outcomes for children. This thinking has influenced the Munro review into child protection and is now being incorporated into provision for aspiring directors of children's services. A survey of current DCS challenges and practice, conducted in partnership with ADCS, received widespread national coverage and has informed national policy and thinking.

The policy team has played an important role in bringing together policymakers and leaders to ensure policy is informed by practice. Examples are hosting of a high-level seminar in September 2010, and a series of policy lunches. It also works to ensure College staff and members are well briefed on key policy developments. The team has led on the consultation with school leaders and others on the proposals for teaching schools and NPQH in the light of the white paper, successfully engaging over 2,600 leaders in the first phase of consultation between January and February 2011.

7: An efficient and effective College

Our people

This has of course been a year of significant uncertainty for our staff as the future size and shape of the College has been reviewed. We have made a considerable effort to maintain frequent, open communication with all staff as the future purpose and direction of the College serving a new administration has emerged. Our annual staff survey has once again achieved extremely positive responses, which is particularly pleasing in this context. The College achieved an 80 per cent response rate, and 93 per cent of these said that they recommend the College as a great organisation for which to work. Nevertheless, staff turnover has steadily increased to 22 per cent (March 2011) and has particularly affected areas of technical expertise including finance, ICT and project management. In the context of the recruitment freeze introduced by the Cabinet Office, we have deployed our staff flexibly in order to maintain a focus on our key priorities. We have begun a whole-staff restructure to ensure we have the right skills in place to deliver our new remit. The leadership group stage of that was completed in March 2011.

The public face of the College

The College has responded positively to the freeze on marketing spend introduced by the Cabinet Office. We have refocused our communication work on the use of free channels and simultaneously developed the capacity of our in-house team to service the organisation's communications needs. This has resulted in significant savings, particularly in the areas of events and print production.

Key areas of media activity have included the expansion of the NLE/LLE scheme; teaching schools (specifically their role within the system and levels of interest in the profession); and the College's role in delivering new government policy as outlined in the schools white paper (DfE, 2010).

International business unit

The College created an international business unit this year to develop its links with education systems globally, to encourage the exchange of ideas and best practice and to explore ways of generating new sources of income to support its work in England.

The business unit has designed and delivered bespoke, paid-for programmes to leaders from seven countries, and is providing paid speakers for two overseas conferences. This work has not only generated income but also developed relationships with our clients and in turn provided further opportunities for future activity. Significant further opportunities are being pursued, in collaboration with university and commercial partners. The College has also developed a charge for its international membership scheme. The first participant of this scheme has been the Norwegian directorate for education which has purchased membership for a group of 500 principals.

Capacity-building

The way in which the College works with individuals and organisations helps to support and build capacity across the system. A large proportion of our budget directly funds leaders, schools and local authorities in undertaking their work within the system to identify and develop leaders and to secure ongoing improvement.

A significant number of leaders work for the College as operational associates. Their work has included supporting the development of sustainable and local action on succession planning, support and advice for the development of different models of leadership such as federations, and stimulating local engagement in training and development opportunities.

Our introduction of the operational associates rate policy during autumn 2010 has delivered significant reductions in costs and therefore significant savings, which we estimate to be in excess of £850,000 cashable savings. The quotation process for the framework that underpins this policy has been improved and now averages 4 rather than 12 weeks, which means that associates are able to start contract delivery more quickly in order to meet the needs of the College.

Our systems

We significantly changed our approach to ICT expenditure and development in response to Cabinet Office spending constraints. We completed the implementation of a new self-service human resources system in early 2011.

In September 2010 we completed a major infrastructure upgrade that positions us well to improve efficiency and reduce costs in future. In December 2010 we replaced our intranet with a new internal portal which acts as a knowledge repository for our staff and those who work on our behalf. At the end of March 2011, a new diagnostic tool was made available to members via the membership portal. All further work carried out on the corporate network has been kept to a minimum while we have engaged with the DfE's development of a shared services approach.

8: Conclusion

The last year has been a challenging one for the College, but also an extremely successful one. We have responded quickly and effectively to the significant changes to the context in which we are operating, whilst also maintaining the foundations of our previous success and moving forward rapidly to implement the policies of the new government and to support the development of a self-improving school system.

Through our close relationship with leaders in the system and our knowledge and experience of what works, we have been able to take the next steps in enabling the best leaders to drive improvement. We have made great strides in engaging leaders in the development of teaching schools, the first of which will be under way from September 2011. Our school-to-school support has continued to deliver significant benefits to both supported and supporting schools. Our succession planning work has enabled localities to implement effective strategies and supported individuals into headship, and we have supported innovation and change in models of school leadership such as chains, federations, partnerships and trusts.

We have successfully continued to expand our school-led approach to the development of middle leaders. Our leadership development provision has continued to engage a large number of leaders and enabled them to deliver rapid rates of improvement in outcomes. We have continued our transition away from a commissioning model and towards a licensing model. We have provided the Secretary of State with details of our proposed new professional qualification of choice for headship. We have extended the reach of our provision for school business management, particularly into the primary sector. We are proud of the provision that we have established for leaders of children's services and the difference that this has made to children's lives. And we are immensely proud that we have remained highly valued by the leaders we serve.

Alongside these achievements, we have delivered significant savings in-year, closed down significant elements of our provision, and commenced our transition towards becoming an executive agency of DfE. There will be significant challenges to meet in the next year, but we can look forward to 2011-12 with confidence and the expectation that we will continue to deliver results.

Annex 1: References

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Annex 2: National College provision closed during 2010-11

14-19 Leadership Development
Associate Headteacher Programme
Capital Investment Leadership Programme
(formerly BSF and Primary Capital)
Careers Education Information Advice and Guidance
Gaining Ground
International Leadership Learning Programme
Leadership strategies (formerly City Challenge)
Maximising Progress Programme
SBM Demonstration Projects
School and Children's Services Team Leadership
School Improvement Partners
Primary Curriculum Review

Company information

Directors serving during the 2010-11 financial year and up to the date of signing this report

	Appointed
V Treves (Chair)	1 September 2004
D Absalom	1 January 2010
H Baker	1 September 2006
M Callaghan	1 September 2006
J Coughlan	1 January 2010
J Dunford	1 January 2010
P Jervis	1 September 2006
B Levin	23 March 2008
G Lowth	1 January 2010
J McVittie	1 September 2006
A Middleton	1 December 2008
J Pullen	1 September 2006
D Ross	1 September 2006
A Seber	1 September 2006

Company secretary

Caroline Maley
Old School House
Leake Road
Stanford-on-Soar
Loughborough
Nottinghamshire
LE12 5QL

Auditor

National Audit Office
157-197 Buckingham
Palace Road,
London
SW1W 9SP

Solicitors

Pinsent Masons Solicitors
1 Park Row
Leeds
LS1 5AB

Registered office

Lime House
Mere Way
Ruddington
Nottingham
NG11 6JS

Head office

Triumph Road
Nottingham
NG8 1DH

Registered number

04014904

Bankers

Citibank (CitiDirect)
25 Canada Square
Canary Wharf
London
E14 5LB

National Westminster Bank Plc

Government Banking Service
London Corporate Service
Centre
3rd Floor
2 ½ Devonshire Square
London EC2P 2GR
PO Box 64388

Management commentary

Background information

References in this report to ‘the Secretary of State’ relate to the Secretary of State for education. The Department for Education is referred to as ‘the DfE’.

The National College for School Leadership Limited (the National College) was incorporated on 14 June 2000. It is an executive non-departmental public body (NDPB) sponsored by the DfE. It is a company limited by guarantee, having no share capital. The accounts have been prepared in accordance with an accounts direction issued by the Secretary of State with the consent of HM Treasury.

The full accounts direction is available on request but in summary the direction requires the National College to comply with the accounting and disclosure provisions of the Companies Act as adapted by International Financial Reporting Standards (IFRS). In preparing the accounts, the National College has also paid regard to the 2010-11 Government Financial Reporting Manual (FRM) issued by HM Treasury.

Principal activities

The vision for the National College is to raise the achievement of children and young people and improve their wellbeing by:

- **ensuring the highest quality of school and children’s services leadership**
- **optimising the use of our best leaders across the school and children’s services systems**
- **enabling schools and children’s services leaders to be truly responsive to the needs and aspirations of every child**
- **supporting a self-sustaining culture in schools and children’s services that inspires and develops its own high-quality leaders**

The annual report that accompanies these financial statements contains an update on progress against this vision.

During the year the National College was led by a chief executive, who was supported by a strategic leadership team, which included a chief operating officer, deputy chief executive officer, strategic director for policy, research and development, strategic director for continuous leadership learning and a strategic director for children’s services. They were responsible for the strategic direction of the National College, along with a team of operational directors who focus on the delivery of activity and monitoring of performance against the National College’s goals. The National College is governed by a board of non-executive directors (the governing council) appointed by the Secretary of State.

Review of 2010-11

Full details of the National College’s achievements are given in the annual report section of this document.

The balanced scorecard provides a high-level set of measures that are agreed between the National College and the DfE to monitor the overall performance of the National College. The following presents the highlights of the National College’s achievements against its scorecard for 2010-11, and the scorecard itself. Full details of our achievements are given in the annual report section of this document.

Outcomes and impact

- The rate of improvement in schools' exam results at Key Stages 2 and 4³ has been greater where they have engaged with our leadership development programmes compared to those schools that have not engaged.
- The rate of improvement in schools' exam results at Key Stages 2 and 4¹ has been greater where they have received support from our national leaders of education (NLE) and their national support schools (NSS) compared to those schools that have not been engaged in this initiative.
- The proportion of pupils achieving the expected standards at Key stages 2 and 4¹ is higher in those schools that have provided support through the NLE/NSS initiative when compared to schools not providing this support.
- In the City Challenge areas, the rate of improvement in schools' exam results at Key Stages 2 and 4¹ for schools supported by local leaders of education (LLE) has been greater when compared to schools in these areas that have not been engaged in this initiative.
- The proportion of pupils achieving the expected standards at Key Stages 2 and 4¹ is higher in those schools where they are providing support as part of the City Challenge initiative compared to schools not providing support in these areas.
- NPQH has secured 1,889 participants against a target of 1,600, and has achieved a graduation rate of 97 per cent against a target of 95 per cent.
- NPQICL has secured 433 participants against a target of 400, and has achieved a graduation rate of 99 per cent against a target of 95 per cent.

- 87 per cent of Directors of Children's Services (DCSs) are satisfied with the quality of the leadership programme against a target of 85 per cent. However, 63 per cent of existing DCSs have commenced the leadership programme, which is slightly under our target of 66 per cent. High turnover of DCSs over the course of this year is a major contributory factor to this. 58 DCSs have been invited to join cohort five of the DCS Leadership Programme.
- The proportion of schools receiving an inadequate Ofsted judgement for leadership and management has increased and the proportion which have received an outstanding judgement has fallen, in both cases this represents a failure to meet our target to see an improvement for each school phase.
- 0.1 per cent of headteacher posts are vacant. This is within the target of 0.7 per cent. 1.5 per cent of headteacher posts are currently temporarily filled. This is within the target of 3.2 per cent⁴.

Stakeholders

- Our annual survey shows that 83 per cent of school leaders believe that the College's activities are effective. While slightly below our target of 85 per cent, the difference is not statistically significant.
- Our annual survey of a representative sample of programme participants has shown us that 81 per cent believe that the National College is impacting positively on their school. Although a positive outcome this misses our target of 85 per cent.

¹ KS2 +Level 4 percentage combined English and maths (final) 2006–10

² GCSE percentage grades A*-C (including English and maths) (final) 2006–10

³ KS2: percentage achieving Level 4+ in both English and mathematics;
KS4: percentage achieving five or more GCSEs A*-C including English and mathematics

⁴ DfE data collection timing and source changed during the year.

Organisational efficiency

- The National College has exceeded its efficiency target of 5 per cent, achieving a result of 5.6 per cent in savings compared to budget over the year.
- The National College has successfully managed its finances to between 0 and -2.5 per cent of budget, coming in at -2.25 per cent.

Employee engagement and organisational development

- The results from the National College employee survey have shown that 99 per cent of staff have an awareness of the goals and the future direction of the organisation, and 93 per cent would recommend working for the organisation.

Future developments

The Secretary of State has indicated that the work of the National College will cease to take place in a separate legal entity and the College will cease to be a non-departmental public body under the governments arm's length body reform programme. This is planned to take place on 1 April 2012. The activity of the College will continue as part of an executive agency of the DfE with the exception of the director of children's services activity.

The DfE has indicated that the College's work in the area of directors of children's services will not be transferred over to the same executive agency as the rest of the College's activities. The DfE has confirmed that the director of children's services provision will be transferred to another organisation by April 2012.

The DfE has also indicated that much of the College's support service will be transferred out of the College and provided through shared services. This is likely to include most

transaction processing which will be dealt with by the Department for Work and Pensions (DWP) shared service centre. Many other corporate services such as some elements of commercial, finance, HR, ICT and marketing will also be transferred over to shared services which is likely to be within the DfE.

Towards the end of 2010-11 the College commenced a restructuring exercise to align with the new remit. The first part of this exercise was to restructure the leadership group. This was undertaken by the chief executive with involvement of and support from the governing council. The restructure includes both permanent and transition roles. Transition roles include those in areas of activity that will be handed over to other organisations such as directors of children's services, some corporate services director roles which will transition to shared services being established by the DfE, as well as areas of current College activity which will be merged over time into other areas of College activity. It is anticipated that once complete, leadership group will reduce from 28 members at the beginning of 2010 to 15 members by 2014.

The leadership group took up their new roles on 1 May 2011. This resulted in three voluntary redundancies. The second part of the restructure relates to the majority of staff and is planned during the year 2011-12. Areas of College work likely to be impacted by a move to shared services will not be included in this College restructure but are being included in a DfE led restructure over a similar time period.

The Secretary of State has made the future direction for the College clear, stating that "I expect the College to play a central role in supporting excellent leaders to drive improvement in the school system and to foster a decentralised culture of self-improvement in schools." The major strategic challenges for the National College in achieving this will be to lead the development of a national network of teaching schools and move the system towards this, to continue to support schools in the identification and

development of leadership talent, to continue to expand our school-to-school support, and to ensure that high quality leadership development is available in the market through effective design and development and new models of licensing and franchising.

The National College is participating in the government's spending reductions over the life of the current parliament requiring it to continue to deliver its activities in the most efficient way possible, as well as focusing its resources on those activities that result in the greatest impact on outcomes for children.

By implementing improvements in a number of areas, the National College is confident that it will continue to deliver value for money:

- Maintaining a robust governance framework throughout the transition to an executive agency and an effective corporate planning process that aligns all of the National College's activity against its goals will ensure that its aims and objectives are delivered.
- A rigorous risk assurance framework will allow the National College to identify, manage and mitigate the impact of events that may prevent the delivery of its objectives.
- A continued focus on the development of staff will ensure talented individuals are nurtured and retained.
- Focus on the clarity of communication with staff during the significant changes to the College over the course of the next year as the transitions to shared services and the new executive agency take effect will reduce the negative impact that the significant change will have on the National College's ability to deliver.
- The restructure that will take place during 2011-12 is designed to align College staff with the activity of the new remit and the ongoing requirements of the DfE over this spending review period.

Risks and uncertainties

Risk management and the consideration of risk are an integral part of the planning and decision-making processes of the National College. The National College has processes in place to manage and mitigate risks associated with its operational and strategic activities, through risk registers maintained for each of the National College's directorates. Guidance on risk management has been made available through the College's internal portal and risk management training has been made available to staff to ensure that they are aware of the National College's risk management processes.

Each operational and strategic risk is assessed for the likelihood of it occurring and its potential impact on a consistent basis in accordance with the National College's risk evaluation matrix. The combination of the likelihood and impact results in a risk score and a decision is taken to monitor, tolerate or treat, in line with the risk appetite of the National College. Each risk has a risk owner – someone who is ultimately responsible for that particular risk, and an action owner – the person who is responsible for managing any action plan developed.

The key strategic risks for the National College include:

- A major or national initiative is not successful or effective. This risk is particularly relevant for the work being carried out to develop Teaching Schools and the revised NPQH programme. The National College is managing this risk through strong engagement with the system through the white paper consultation, its programme and project management approach to delivery and reporting and escalation through the management information process. In addition, risks which arise from the expectations placed on the system to support initiatives such as teaching schools are discussed with officials in the DfE at the highest level to ensure that there is a clear understanding of the exposure and mitigation required.

- The transition of the National College to an executive agency, or the transfer of some corporate services functions to shared services, impedes the National College’s ability to deliver its remit. This risk is being managed by ensuring there are clear lines of authority, accountability and decision making between the National College and the DfE, and by being fully involved in the decision making process in relation to transition plans and timelines.
- The National College’s delivery is impacted by a cut in funding to itself or schools and local authorities. The College manages this risk through: ongoing dialogue with the DfE to anticipate future system needs; the Remit negotiation process; and a continuing focus on the prioritisation of resources.

The National College also uses PRINCE2 and Managing Successful Programmes methodologies to deliver its strategic programmes and projects. Every National College strategic programme or project is mandated to complete a formal monthly progress report which includes an overview of progress made as well as an assessment of the key risks and issues and how they are being managed. Each risk or issue has an identified owner and is Red, Amber, Green (RAG) rated to provide an indication of how well it is being managed. Any High Level/Red risks identified are captured and reported on the National College’s Strategic Risk Register.

In summary, all of the National College’s risks, including operational, programme/project and strategic risks are reviewed on a frequent basis. Any high level risks are escalated appropriately to the College’s governing council and strategic leadership team so they can be satisfied that there is a robust control framework in place and that risks are being managed in line with the risk appetite for the National College.

The governing council

Governing council members are appointed by the Secretary of State, normally for a fixed term of a minimum of three years.

The following people served during the year 2010-11:

Chair

Vanni Treves
Chair of the Governing Council

Directors

Dr Deborah Absalom
Director of Children’s Services, London Borough of Bexley

Helen Baker DL
Chair, Advance

Martin Callaghan OBE
Former Partner, PricewaterhouseCoopers

John Coughlan CBE
Director of Children’s Services and Deputy Chief Executive, Hampshire County Council

Dr John Dunford OBE
Chair, Whole Education and Chair, Chartered Institute of Educational Assessors

Pamela Jervis MBE
Former Headteacher, Kirkby Sports College, Knowsley

Ben Levin
Professor and Canada Research Chair in Education Leadership and Policy, University of Toronto

Glynn Lowth
Past President, Chartered Institute of Management Accountants

Joan McVittie
Headteacher, Woodside High School, Haringey, London

Andrew Middleton
Education Consultant and former Principal of Stamford College

Jill Pullen
Former Headteacher, Colegrave Primary School, presently vice chair Outer North East London NHS

Diana Ross
Former Director, Jobcentre Plus South West

Andrew Seber CBE
Consultant, former President, Confederation of Education Service Managers

Board members' directorships and significant interests

The National College requires board members to register with the National College any company and organisation directorship or other significant interests.

The National College maintains a register of interests of the financial, political and other relevant interests of board members. The register is available for inspection on request during normal working hours at the National College's office at Lime House, Mere Way, Ruddington, Nottingham, NG11 6JS.

Note 15 to the accounts has details of board members' related party transactions for 2010-11.

Charitable and political donations

There were no charitable or political donations during the year.

Equality and diversity

The Equality Act 2010 has introduced a new equality duty for public bodies that protects people from discrimination on the basis of certain protected characteristics: race, gender, disability, religion and belief, sexuality and gender identity and age. The National College has a legal duty to meet this requirement, but we also believe that we have a moral duty to promote diversity and to value the differences that each individual brings that extends into our drive to diversify the leadership of schools and children's services. Reward and recognition depend solely on individual ability and performance. All employees and potential employees, whether part time, full time or temporary, are treated fairly and with respect and dignity. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. Our equality scheme and action plan, which have been updated this year, outline our commitment to equality and diversity in the way that we employ staff, provide services and work with partners and stakeholders. All the National College's facilities are easily accessible to guests and staff with disabilities. The National College provides special reserved car parking and purpose-built bedrooms. The National College's conference room and a selection of meeting rooms are equipped with facilities for delegates with hearing difficulties. Furthermore, the National College provides alarm systems in bedrooms for guests with impaired hearing. The National College has the 'two ticks' disability accreditation, which confirms its commitment to good practice in employing disabled people. All staff received training this year in equality issues.

Employee engagement

Employment engagement, or passion for work, involves feeling positive about your job, as well as being prepared to go the extra mile to make sure you do your job to the best of your ability. High levels of engagement have been linked to a whole range of beneficial outcomes, including high

levels of performance. Engaged employees also experience increased job satisfaction and more positive attitudes and emotions towards their work.

The National College employee survey 2010 was again conducted in November at a time of particular uncertainty for the College and its remit. A significant 80 per cent of staff responded. The results from the survey indicate remarkably high levels of engagement considering the prevailing climate in which the College is operating. Ninety three per cent of respondents consider the National College a great organisation to work for and 87 per cent enjoy working here. It was however disappointing to see that overall satisfaction dropped to 62 per cent.

The National College is committed to improving engagement and in response to the survey results each directorate is developing an action plan to address the issues identified by its staff.

Effective communication is key to both developing and sustaining employee engagement. At the National College employee communication includes regular team meetings, intranet news, monthly cascade briefings for all staff via their operational directors and quarterly 'In Conversation' presentation sessions. There is also an online forum where staff can post questions directly to the strategic leadership team with a 24 hour response turnaround. Staff are also encouraged to get involved in the National College charity group and use the staff representative committee as a channel for ideas and to raise issues and questions. The National College holds two all-staff meetings annually which include a presentation by the chief executive to help ensure staff are kept informed about key National College issues.

Sickness absence

During 2010-11 the total number of working days lost due to sickness absence amounted to 1,890 (2009-10; 2,249 days). This is an average of 5.82 days per employee (2009-10; 8.3 days).

Sustainable development

The National College is committed to embedding sustainability through best practice across its estate. Initiatives and commitments include: achievement of year-on-year reduction in utility consumption thereby reducing our associated CO² emissions; reduction in m³ water consumption; development of a green travel plan and analysis of business mileage for both the white and grey fleet, and how this impacts on our overall CO² emissions; focus on waste arisings, working in collaboration with contractors to increase segregation at source, target reduction in waste to landfill, and implementation of initiatives to increase recycled waste; and reduction in overall paper consumption.

During 2010-11, the College achieved the Government's target for an additional 10 per cent reduction in CO² for the year, as well as averaging 86 per cent for waste recycling across our Nottingham sites. We also achieved a reduction in grey fleet (staff) mileage to less than 300,000 miles.

Sustainable procurement principles are embedded within all product sourcing to ensure that the principles of sustainability are cascaded throughout all aspects of operational management.

In addition to this, we continue to work on our food procurement policy, working alongside our facilities contractor to ensure that food is sourced sustainably and responsibly utilising accredited schemes such as the Marine Stewardship Council, and Red Tractor scheme. Food wastage targets are reviewed and set each year, with focus on a year-on-year reduction.

We continuously monitor our performance in all of the above areas, measuring against benchmarks, year-on-year statistics, government targets and industry best practice.

Grant-in-aid

The National College's funding is agreed with the DfE on an annual basis and is confirmed by the receipt of a remit letter. This remit letter lays out the activity of the National College for the coming year as well as the level of funding that will be made available for the National College. Any funding not used during the year must be given back to the DfE.

The National College received a final funding allocation for 2010-11 of £110.9m grant-in-aid (2009-10: £121.8m). The initial allocation of £140.0m was reduced during the year in order to support government savings. As at 31 March 2011 £108.5m grant-in-aid funding had been received in cash from the DfE.

The FReM requires NDPBs to account for grant-in-aid (other than that provided to finance a specific asset) as financing because it is regarded as a contribution from a controlling party (the DfE), which gives rise to a financial interest in the residual interest of the NDPB.

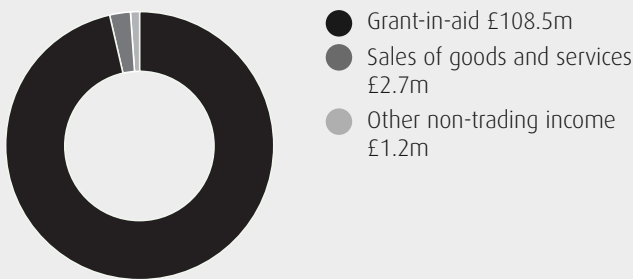
Programme costs and support costs continue to be accounted for through the income and expenditure account regardless of the source of funding.

Financial results for 2010-11

These financial statements at pages 59 to 94 cover the year ended 31 March 2011 and have been audited by the National Audit Office on behalf of the Comptroller and Auditor General.

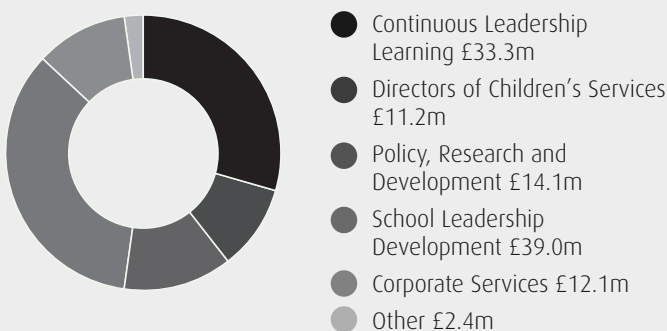
Total funding of £112.4m was received in 2010-11 (Figure 1).

Figure 1: Total funding 2010-11



Total expenditure during 2010-11 was £112.1m (Figure 2).

Figure 2: Total expenditure 2009-10



Expenditure is classified by operating segment. Prior year comparatives are available within Note 7 to the accounts.

Cash balances as at 31 March 2011

As at 31 March 2011, the National College had a net cash balance of £0.04m (2009-10: £6.1m). During the course of 2010-11 the College’s banking arrangements changed. What was the College’s main account (2009-10: £0.3m) was closed, with a new account set, comprising a Citibank account and NatWest account, being created within the Government Banking Service. The balance on the new account set at the end of 2010-11 was £0.04m (2009-10: £1.2m). Additionally there was a nil (2009-10: £4.7m) cash balance in the Early Headship Provision (EHP) bank account. Note 12 to the accounts provides further details of the National College’s cash balances.

Payment of payables

The National College endeavours to comply with the principles of HM Treasury’s Better Payment Practice Code and monitors performance on a monthly basis, taking measures where appropriate to improve compliance. During the year, 81 per cent (2009-10: 71 per cent) of invoices were paid within a 10 day period.

The aggregate amount owed to trade payables at 31 March 2011 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year, is equal to 20 days (2009-10: 1 day). The increase is a result of payments not being made at the year end as the College did not have sufficient cash available at the time. These payments were made early in 2011-12.

Pension arrangements

The National College operates a defined benefit staff pension scheme providing benefits based on final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund, which is administered under the statutory framework of the Local Government Pension Scheme.

Note 22 to the accounts details the National College’s pension liability and arrangements.

Auditor services

In respect of the year ended 31 March 2011, the National College's external auditors, the National Audit Office on behalf of the Comptroller and Auditor General, completed the statutory audit. The audit fee for 2010-11 is £50k (2009-10: £50k). The National College's internal audit service has been provided by KPMG LLP.

The external auditors received no remuneration from the National College for non-audit services during the year.

The members of the strategic leadership team (including the accounting officer) employed at the date of approval of this management commentary confirm that, so far as they are aware, there is no relevant audit information of which the National College's auditors are unaware; and that they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the National College's auditors are aware of that information.

Going concern

The statement of financial position at 31 March 2011 shows net liabilities of £9.4m (2009-10: £19.0m). In addition, note 13 shows payables of £12.2m (2009-10: £20.2m) arising from expenditure already committed. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the National College's other sources of income, may only be met by future grant-in-aid from the DfE. This is because, under normal conventions applying to parliamentary control over income and expenditure, grant-in-aid may not be issued in advance of need.

Grant-in-aid for 2011-12, taking into account the amounts required to meet the National College's liabilities falling due in that year, has already been included in the DfE's Estimates for that year, which have been approved by HM Treasury.

The net liabilities on the statement of financial position reflect a timing difference between recognising a liability in the National College's accounts and subsequent receipt of grant-in-aid to meet this liability. A letter of comfort has been issued by the DfE assuring the National College that it is willing to provide the funding required to cover the net liability position at the year-end.

It is anticipated that the legal status of the National College will change within the next twelve months. The assets, liabilities and activity of the National College will be transferred to an executive agency of the DfE. It is anticipated that this will leave no assets, liabilities or activity within the current company. This change represents no material risk to the National College's aims and objectives being pursued under its revised status, or to the National College's financial capabilities. Furthermore, there are no material risks to the National College's customers or suppliers as a result of the change of status. However, the going concern basis is not appropriate for the production of the National College's accounts for 2010-11, and so technically the accounts have not been prepared on that basis. As the DfE have confirmed that assets will be transferred at book value, the reported financial position is the same under both the going concern and non-going concern bases.

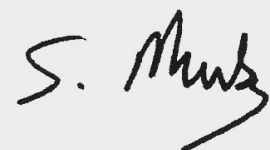
Elective resolution

On 16 November 2001, an elective resolution was passed to dispense with the annual appointment of auditors and laying of the accounts before the National College in a general meeting.

Signed by order of the board by: Approved by:



D Ross Director
Dated: 9 June 2011



S Munby Chief Executive
Dated: 9 June 2011

Statement of governing council members' and accounting officer's responsibilities

Under Section 394 of the Companies Act 2006, the Secretary of State has directed the National College to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National College and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimate on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on an appropriate basis

The Secretary of State has appointed the National College's chief executive as accounting officer. The responsibility of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the assets, are set out in Managing Public Money, issued by HM Treasury.

Statement on internal control

Scope of responsibility

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the National College for School Leadership, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the non-departmental public body accounting officers' memorandum.

The National College for School Leadership (the National College) is an executive non-departmental public body sponsored by the DfE.

The National College's financial memorandum and management statement set out the respective roles of the accounting officer and governing council. The National College's operational plan and balanced scorecard, which reflect the expectations set by the annual remit letter, have been developed in consultation with the DfE.

Government restrictions and the transparency agenda

Since the creation of the coalition government early in the financial year, the National College has, along with other central government and arms length bodies, been subject to a number of restrictions on the activities it is able to engage in. For the National College, the most significant of these have been in relation to staffing, use of consultants, marketing expenditure, ICT expenditure and more general procurement activities. The National College has put arrangements in place to ensure compliance with the relevant restrictions and these arrangements have been subject to both a self-assessment and an internal audit during the year. These reviews have confirmed that the National College is complying with the requirements of the government.

The restrictions increased the risk of the National College failing to achieve its policies, aims and objectives, and therefore meeting its original targets for the year. The procedures and processes that are detailed here have allowed the National College to manage and mitigate these risks, whilst meeting the majority of the expectations of the National College. Additionally the ongoing restrictions have contributed to the National College handing back funding of £29.1m to the DfE over the course of the year. Throughout the course of the year the finance and remuneration committee of the governing council have received regular reports on the implications of the restrictions and the actions taken to manage and mitigate their impact.

As part of the transparency agenda, the National College is now required to publish the details of certain financial and contractual obligations. This is being done through the National College website and by the reporting of such information to the DfE for inclusion in any wider disclosures.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically. The system of internal control has been in place in the National College for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. During the year the system of internal control has been further improved to ensure consistent treatment and reporting of risk across the National College.

The risk and assurance framework

During the year the National College has continued to utilise and embed the risk and assurance framework that was approved by the audit and risk assessment committee and implemented during 2009-10. The framework clearly defines the risk appetite of the National College and the accepted treatment of risks at different levels. The framework was subject to an internal audit during 2010-11 and further minor amendments have been made during the year as a result of this review.

Throughout the year, the framework and detailed guidance has been available and communicated to all staff through the National College internal portal, and training has been provided across the National College to ensure the widest understanding of the management of risk. In addition to this, the National College finance team has provided support and guidance to teams throughout the year to ensure risks are being managed and reported in line with the risk assurance framework.

The leadership group, comprising of all strategic directors, operational directors and B grade senior managers, is responsible for the management of risks in accordance with the National College's risk assurance framework. A corporate risk register is maintained which is compiled through both bottom up and top down risk identification. This register is updated on a monthly basis and the high risks are reported through the National College's monthly management information pack which is then circulated to the leadership group, audit and risk assessment committee, finance and remuneration committee, governing council and the DfE. This process ensures an increased focus on the management of risk as well as achieving absolute transparency of the risks that the National College is managing at any point in time.

During the year, a workshop was held in which the governing council were asked to identify the key risks that were faced by the National College. When compared with the National College's corporate risk register this provided a review and

challenge, and the identification of any potential gaps. There was a high level of correlation, providing a validation of the risk management methodology being utilised within the National College. Any new risks identified were added to the corporate risk registers.

The monthly management information pack is not only a mechanism for reporting risk, but also for monitoring performance against key programmes and projects key performance indicators (internal and external to the National College) and is therefore a source of assurance for the majority of the risks that face the National College.

Risk management and the consideration of risk are included in the planning, decision-making and monitoring processes of the National College. Within the corporate risk register each risk is attributed a clearly identified owner and an impact and likelihood score (inherent and current). In addition, controls, and documents supporting those controls, are identified. These sources of assurance are monitored regularly throughout the National College to ensure that the risk is being managed to an appropriate level.

Areas of key risk for the National College include the following:

- A major or national initiative is not successful or effective. This risk is particularly relevant for the work being carried out to develop Teaching Schools and the revised NPQH programme. The National College is managing this risk through strong engagement with leaders in the system through the white paper consultation, its programme and project management approach to delivery and reporting and escalation through the management information process. In addition, risks which arise from the expectations placed on the system to support initiatives such as teaching schools are discussed with officials in the DfE at the highest level to ensure that there is a clear understanding of the exposure and mitigation required.

- The transition of the National College to an executive agency, or the transfer of some corporate services functions to shared services, impedes the National College's ability to deliver its remit. This risk is being managed by ensuring there are clear lines of authority, accountability and decision making between the National College and the DfE, and by being fully involved in the decision making process in relation to transition plans and timelines.
- The National College's delivery is impacted by a cut in funding to itself or schools and local authorities. The College manages this risk through ongoing dialogue with the DfE to anticipate future system needs; the Remit negotiation process; and a continuing focus on the prioritisation of resources.

The National College also has a programme and project management methodology, based upon the Managing Successful Programmes and PRINCE2 methodologies. Key documents required for each programme/project include a risk register and issues log. These are reviewed by the individual programme and project boards, with the key risks reported in the overall risk register and matrix.

Key control mechanisms

The National College has in place the following key controls which help to manage the risks detailed above:

- quarterly business reviews with the leadership group, led by the accounting officer, where assurance can be gained that the risks are being managed appropriately across the National College
- regular reviews by the leadership group of the management information pack and reports indicating financial and operational performance against forecasts
- governance supported by a range of policies and procedures, and a detailed plan. The National College's policies and procedures and systems of delegation have been reviewed and updated in 2010-11 to ensure that they continue to provide control and assurance
- a system of delegation of authority with defined spend authorisation limits
- a comprehensive budgeting system with an annual budget that is reviewed by the finance and remuneration committee of the governing council
- a business continuity plan, which has been tested during 2010-11

Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, regular performance monitoring across the National College, the leadership group which has responsibility for the management of risk, the directors' assurance letters I receive from the members of the leadership group and comments made by the external auditors in their management letter and other reports.

In 2010-11 the following key internal assurance arrangements were in place:

Governing Council

The National College is governed by a board of non-executive directors appointed by the Secretary of State. The governing council receives regular reports on financial and operational performance as well as reviews of the risk management strategy and updated risks. The governing council relies on four subcommittees to assist it in carrying out its role. These subcommittees are the strategy committee, the finance and remuneration committee, the provision, research and technology committee and the audit and risk assessment committee.

Audit and risk assessment committee

A duly constituted audit and risk assessment committee, a sub-committee of the governing council, has operated throughout the year and its terms of reference reflect best practice. The audit and risk assessment committee consists of four members of the governing council.

The committee has met regularly throughout 2010-11 and has considered reports from internal audit on the system of internal control, risk management and governance. At each meeting a strategic director of the National College attends, to discuss and explain the corporate risk register for their directorate. On an annual basis the committee carries out a review of the effectiveness of the National College's system of internal control and reports the results of this review to the governing council.

In line with best practice, the committee has also completed a self-assessment of its effectiveness during 2010-11.

Leadership group

The leadership group, which consists of the National College's strategic directors, operational directors and B grade senior managers, is responsible for ensuring that risks are being managed according to the risk assurance framework. The leadership group also provides peer review of operational planning and budget setting activities and the content of the management information pack.

Information risk management

Arrangements have been made to ensure that the National College complies with the requirements of both HM Government and Cabinet Office policy and guidance in addressing risks to information and information systems. The chief operating officer is the designated senior information risk owner (SIRO) with overall responsibility for the management of information security at the National College.

The National College has a variety of information assets which are essential to the effective and efficient operation of the organisation and the delivery of its strategic aims and objectives. Information asset owners (IAOs) have the responsibility for protecting the information assets that are assigned to them. Monthly reports assist them in discharging this responsibility. The National College maintains an information asset register with assigned IAOs, giving the National College an understanding of the type and level of information assets it holds.

The National College recognises that a key risk to the security of its assets is the understanding of the importance of information security within the organisation, and with third parties who may access or use our data in carrying out their work. The National College has formed an information security panel, chaired by the SIRO and attended by a broad range of stakeholders, which meets regularly to ensure that information security continues to maintain a high profile in all the work of the organisation.

The National College continues to highlight the importance of information security and the associated risks in order to maintain a high sense of responsibility. The success of this approach is evidenced by the very high level of staff awareness of the importance of information security demonstrated in the National College's recent staff survey.

More formally, all National College employees complete the Cabinet Office level one e-learning programme within their first two weeks of employment and all employees undertake an annual refresher training programme. Furthermore, a level two training programme is available, and all managerial grade staff and above complete this within their first six weeks of employment at a managerial grade. The requirement to complete this training is being extended to include non-staff who have access to the National College's internal ICT systems, and some third party providers and suppliers. A level three programme was introduced during the year, relevant to staff in the most senior positions within the National College.

A further key risk is the potential loss of National College information assets by suppliers and delivery partners (including their sub-contractors). All of the National College's suppliers and delivery partners are assessed for risk in terms of the data they may handle on behalf of the National College. Once assessed, the appropriate requirements are included in a schedule to their contract clearly setting out the information security requirements to be fulfilled. Therefore if a supplier has access to or holds a large amount of sensitive data belonging to the National College, the schedule requires more rigorous information security procedures to be in place. Whilst good progress has been made in terms of the contractual arrangements required for our suppliers and delivery partners, the National College is continuing to work with these stakeholders to ensure that all National College information assets are protected in accordance with National College policies and procedures and that those contractual requirements are being met.

The National College continues to move, within government guidelines, towards ISO 27001 compliance in order to drive forward the necessary business change. This is a substantial change project and is still on-going. As the project progresses, the National College is increasingly able to point to its own best practice in this area and thereby send out a clear message to our customers and colleagues that information assurance is taken seriously at all levels of the organisation.

The audit and risk assessment committee are informed of all incidents in relation to information security within the National College, along with the action taken and how the incident has been closed. During 2010-11 there have been no reportable losses of data.

Internal audit

A professional and independent internal audit service, carried out by KPMG, was maintained throughout the year.

Internal audits were carried out in accordance with the annual audit plan, as agreed by the audit and risk assessment committee to provide assurance about the level of controls operating. The audit plan for the year was compiled based on strategic activities and the high risks to the National College and included corporate planning and budget setting, risk assurance framework, management information, compliance with government restrictions, goods receipting and supplier relationship management. Additionally a review of the management of operational associates and consultants, that began the previous year, was completed.

Based on the audit work carried out and the actions that are being taken to address and monitor identified control weaknesses, the internal auditors have concluded that the National College has adequate and effective risk management, control and governance processes to manage the achievement of its objectives. All areas that underwent an internal audit during the year received either a satisfactory or good rating, with slight improvements noted to enhance the adequacy and/or effectiveness of risk management, control and governance. No areas subject to audit were identified as having either significant or material control weaknesses.

The internal auditors have reviewed this statement on internal control and confirm that it reflects HM Treasury guidance and follows a similar format to that used last year. They concur with the views expressed in this statement.

Areas for development

During the year the National College focused on some key areas to improve control (as identified through current and previous years' internal audit plans). These areas were as follows:

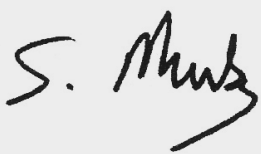
- **Succession Planning:** in order to support the National College's first corporate goal: "identifying, inspiring and developing future leaders to sustain the supply of talent", a number of areas for improvement were identified and are being addressed as follows:
 - **Performance framework** – the team is working to ensure there is a clear line of sight between performance measures and the National College's objectives.
 - **Disaggregation of high level performance measures** – performance monitoring and reporting is to be developed at a lower level allowing a better focus on national priorities.
 - **Clarification of roles and responsibilities for data analysis** – a more clearly defined structure will allow the production of data and analysis within improved timescales.
 - **Standardised data requests** – once performance measures and data needs have been formally defined, standardised performance reports will be agreed thereby facilitating more consistent and regular performance reporting.
- **Skills audit:** during the year the National College undertook an audit of skills and experiences for directorate personnel in order to compile a database of current in-house capability and capacity. The result is the National College is now in a better position to respond quickly and flexibly to any future changes in demand or requirements, and can ensure that the optimal use is being made of the resources available.
- As a result of the findings of the Sutherland review of procurement practices, the National College introduced the Better Buying Programme, to improve procurement processes and gain increased assurance in relation to potential suppliers' capacity and capability. This has resulted in the development of procurement frameworks for both providers and operational associates, in addition to the following:
 - The regular reporting of provider performance in the National College's management information pack.
 - Utilising wider sources of reference materials when appraising potential providers.
 - The development of a cross College approach to supplier relationship management.
 - The assessment of continuity risks and the development of contingency plans as part of the procurement process.
- **Corporate Planning and Budget Setting:** a number of improvements have been developed during the year in order to ensure the responsibility for this activity is held across the National College. The improvements include;
 - Utilising the cost versus impact comparison across all of the National College's portfolio to inform future operational planning and budget setting activities, to provide clearly documented re-assessments of activities and the underlying budget assumptions.
 - Operational planning and budget setting to incorporate enhanced peer review at senior level, ensuring more informed challenge and scrutiny, prior to presentations to governing council.
 - The development and delivery of training sessions, workshops and guidance notes to all budget managers focusing on the importance of accurate budget setting and re-forecasting.

- **Using the management information pack to discharge responsibility:** each group and committee will demonstrate that it is properly discharging its duties in relation to performance management by actively monitoring progress and challenging under-performance.

Additionally the National College is continuing to develop a payment methodology for associates and consultants that is more closely tied to deliverables, and moves away from a time-based methodology. This represents a further step in ensuring value for money.

The National College is expecting to change its legal status to become an executive agency on 1 April 2012. This change will bring, amongst other things, a change in the governance structure of the National College. The National College is therefore looking to develop the appropriate controls, structures and relationships that will allow a smooth transition to a revised governance structure, and the National College to continue to succeed under its new legal status.

As accounting officer I am therefore satisfied with the National College's internal control, risk management and governance arrangements.



S Munby Accounting Officer

Dated: 9 June 2011

Remuneration report

The National College ensures it is able to deliver its remit by attracting and keeping highly talented individuals. This entails maintaining a competitive stance with respect to the overall remuneration package on offer when compared with both the private and public sectors.

The National College ensures the remuneration package for all staff is competitive by commissioning an annual salary survey. This review is undertaken by an independent consultancy. Salaries, benefits and pensions are compared against market norms in both the private and public sectors. The National College aims to compete at the median point across both sectors for similar positions. The median point does not include private sector bonuses which tend to skew comparatives. The results are reported to the finance and remuneration committee for review and sanction.

The finance and remuneration committee comprises:

Martin Callaghan (Chair)	National College Governing Council
Glynn Lowth	National College Governing Council
Pamela Jervis	National College Governing Council
Andrew Middleton	National College Governing Council
Caroline Maley	Chief Operating Officer, National College (ex officio)

Generally, the final package for each staff member could comprise salary, pension (Local Government Pension Scheme) and performance-related bonus. However, for 2010-11, the National College has opted to adopt government restraints and no performance related bonuses will be paid for this year to staff or the chief executive. When paid, the performance-related bonus is linked to the achievement of the objectives as laid out in the corporate plan which is presented to and agreed by the DfE. These objectives are subject to periodic measurement and are contained within the National College's balanced scorecard. The achievement of the objectives is subject to review and confirmation by the

finance and remuneration committee. An eligible employee is one who receives an acceptable rating in the annual performance appraisal system. Those employees considered to be below an acceptable rating do not qualify. The chief executive is subject to separate performance management and bonus arrangements, which operate under the DfE's scheme. If eligible, he is entitled to a performance bonus of up to 10 per cent of salary, subject to achievement against objectives agreed by the permanent secretary and the chair of the governing council. For 2010-11, no such bonus will be paid.

The performance of all staff members is assessed on an annual basis by reviewing how well they have done against their objectives for the year and against the National College leadership competencies. The performance appraisal review includes input from stakeholders and colleagues. Performance is reviewed and targets are set for the next year. The target-setting process ensures the individual goals are aligned with and designed to achieve the National College's objectives as laid out in the operational plan. The chief executive conducts the review for the people reporting directly to him and the chair of the governing council conducts the review for the chief executive.

The National College's policy on executive director contracts is as follows:

- Duration of contracts:
 - The chief executive is employed on a five-year, fixed-term contract. The current chief executive, Steve Munby, was awarded a new five-year contract with effect from 1 January 2009. The contract is terminable on six months' notice.
 - All other directors are employed on contracts which are terminable on notice but otherwise continue until retirement.
- Notice periods – all executive directors are on six months' notice.

-
- Termination payments – there are no formal termination payments for executive directors. However, the National College’s policy on the termination of fixed-term contracts is to treat these in same way as for permanent employment and award a redundancy payment for loss of office. The redundancy payment is based on two weeks’ payment for each complete and partial year of service.

In accordance with the DfE’s guidelines on employment, the National College offers its employees the option of joining the Local Government Pension Scheme. The terms and conditions are very similar to those for central government schemes. The scheme is only available to executive directors, as unlike the non-executives they are employees of the National College.

Audited information

The salary, pension entitlements and benefits for the board and executive directors are as follows:

	Salary paid including bonus* 2010-11	Salary paid including bonus* 2009-10	Real increase/ (decrease) in pension at 60	Real increase/ (decrease) in lump sum	Total accrued pension and related lump sum	CETV** at 1 April 2010	CETV** at 31 March 2011	Employer funded real increase in cash equivalent value in the year
	£'000	£'000	£'000 Col A	£'000 Col B	£'000 Col C	£'000 Col D	£'000 Col E	£'000 Col F
Steve Munby CEO	140-145 Note (b)	150-155 Note (b)	2.5-5	0-2.5	55-60 140-145	1,098	1,071	(27)
Maggie Farrar Director	105-110 Note (b)	105-110 Note (b)	0-2.5	0-2.5	30-35 85-90	702	694	(8)
Catherine Fitt*** Director of Children's Services	140-145 Note (b)	80-85 Note (b)	2.5-5	0-2.5	55-60 150-155	1,178	1,153	(25)
Ken Gill Director	130-135 Note (b)	130-135 Note (b)	2.5-5	0-2.5	55-60 145-150	1,158	1,128	(30)
Caroline Maley Chief Operating Officer	130-135 Note (b)	130-135 Note (b)	0-2.5	0-2.5	5-10 0-5	57	76	19
Toby Salt Deputy CEO	135-140 Note (b)	135-140 Note (b)	2.5-5	0-2.5	45-50 115-120	738	688	(50)

The figures previously reported for 2009-10 in respect of accrued pension, lump sum and CETV were based on total salaries plus bonuses. Columns A and B above provide comparatives against 2009-10 figures based on salaries only, Column D has been restated to reflect 2009-10 figures on the same basis.

Col A – The real increase during the year 2010-11 in the pension at age 60 in bands of £2,500.

Col B – The real increase during the year 2010-11 in the lump sum in bands of £2,500.

Col C – The total accrued pension at 31 March 2011 and related sum at age 60 in bands of £5,000.

Col D – The value of the cash equivalent transfer value at 1 April 2010, to the nearest £1,000.

Col E – The value of the cash equivalent transfer value at 31 March 2011, to the nearest £1,000.

	Total paid 2010-11**** £'000	Total paid 2009-10**** £'000
Non Exec Directors		
Vanni Treves Chair	41.0	43.6
Deborah Absalom	nil	nil
Christopher Baker	nil	1.8
Helen Baker	5.1	6.3
Andy Buck	n/a	nil Note (c)
Martin Callaghan	0.8	nil
John Coughlan	nil	nil
John Dunford	3.9	n/a
Pamela Jervis	3.9 Note (c)	nil Note (c)
Ben Levin	nil	0.9
Glynn Lowth	3.9	0.6
Joan McVittie	nil Note (c)	nil Note (c)
Andrew Middleton	2.6	3.6
Jill Pullen	2.4	4.2
Dame Mary Richardson	n/a	3.3
Diana Ross	5.6	7.8
Andrew Seber	9.8	10.7

* Steve Munby's remuneration excludes benefits in kind of £1,285 (2009-10: £8,835). This brings his total remuneration excluding pension to £140k-£145k (2009-10: £160k-£165k) (note a).

** cash equivalent transfer value. The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from Retail Price Index (RPI) to Consumer Price Index (CPI) as the measure used to uprate local government pensions.

*** started during August 2009

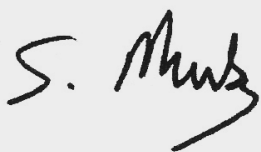
**** total paid includes salary, allowances and any benefits in kind

There were no partnership pensions in existence.

All non-executive directors, with the exception of the chair, are allowed to claim a daily board attendance fee of £300 per day. In addition, all non-executive directors including the chair are entitled to claim travel expenses.

Notes

- a. Until the end of June 2010, Steve Munby had a licence for the sole occupancy of a room at the National College's learning and conference centre. The National College pays for the cost of this room (£7.41 per night) and the associated income tax for the benefit in kind.
- b. Performance-related pay:
- For the year 2010-11 the College has opted to follow the practice of the wider civil service and, therefore, no performance related bonuses will be paid for this year.
 - Steve Munby's contract provides for a discretionary performance bonus of up to 10 per cent of basic salary, based on the achievement of objectives and targets. Payment is agreed between the chair of the governing council and in consultation with the permanent secretary of the DfE. No performance bonus was paid for 2010-11 (2009-10: bonus amounted to 7.5 per cent of basic salary).
 - Strategic directors were not awarded performance-related bonuses for 2010-11 (2009-10: between 2 per cent and 6 per cent was paid, based on the balanced scorecard for 2008-09, depending on the individual performance rating assessed by the chief executive).
 - The finance and remuneration committee assesses the corporate bonus for eligible employees and a bonus of £688 per eligible employee was paid in 2010-11 based on the achievement of the balanced scorecard for 2009-10. No corporate bonus is to be paid for this year.
- c. Board attendance fees were paid directly to their employer in accordance with the DfE and government guidelines. Payments were made to third parties in respect of directors Joan McVittie and Pamela Jervis. £4,800 (2009-10: £9,900) was paid to Joan McVittie's school and £1,800 (2009-10: £4,050) was paid to Pamela Jervis' school.



S Munby Accounting Officer

Dated: 9 June 2011

The certificate and report of the Comptroller and Auditor General

The certificate and report of the Comptroller and Auditor General to the members of the National College for School Leadership

I certify that I have audited the financial statements of the National College for School Leadership (National College) for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer, governing council members and auditor

As explained more fully in the Statement of governing council members' and accounting officer's responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National College's

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National College; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the National College's affairs as at 31 March 2011 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

Dated: 14 June 2011

Statement of comprehensive net income for the year ended 31 March 2011

	Note	2011 £'000	2011 £'000	2010 Restated £'000
Turnover				
From continuing operations:				
Income	5		3,920	10,516
From continuing operations:				
Programme costs	8	(103,596)		(122,391)
Support costs	8	(8,080)		(8,000)
Movement in provisions	14	(388)		11
			(112,064)	(130,380)
Net expenditure before IAS19 adjustments			(108,144)	(119,864)
Less employers' LGPS costs	22	3,413		1,908
Current service cost	22	(2,335)		(840)
Past service gain	22	4,428		-
Curtailments and settlements	22	(12)		-
			5,494	1,068
Asset impairment	10.2		(38)	-
Net expenditure from continuing operations			(102,688)	(118,796)
Interest payable and similar charges	19		(808)	(880)
Net expenditure			(103,496)	(119,676)
Tax on net expenditure	2.11		-	-
Net expenditure for the year			(103,496)	(119,676)

As detailed in notes 2.12 and 4, notional capital charge is no longer calculated or reported. 2009-10 comparatives have been restated to reflect this change.

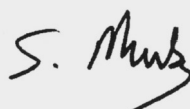
Statement of financial position as at 31 March 2011

	Note	£'000	2011 £'000	£'000	2010 £'000
Non-current assets					
Property, plant and equipment	10.1	20,740		21,557	
Intangible assets	10.2	1,007		1,088	
Pension assets	22	1,640		–	
Total non-current assets			23,387		22,645
Current assets					
Trade and other receivables	11	799		1,571	
Cash and cash equivalents	12	43		6,135	
Total current assets			842		7,706
Total assets			24,229		30,351
Current liabilities					
Trade and other payables	13	(12,211)		(20,175)	
Provisions	14	(393)		–	
Total current liabilities			(12,604)		(20,175)
Net current liabilities			(11,762)		(12,469)
Non-current assets plus net current assets/ liabilities			11,625		10,176
Non-current liabilities					
Provisions	14	(85)		(90)	
Other payables	13	(20,963)		(20,819)	
Pension liabilities	22	–		(8,227)	
Total non-current liabilities			(21,048)		(29,136)
Assets less liabilities			(9,423)		(18,960)
Capital and reserves					
General reserve			(9,423)		(18,960)
Total capital and reserves			(9,423)		(18,960)

These financial statements were approved and authorised for issue by the board of directors and signed on their behalf by:



D Ross Chair of the audit and risk assessment committee.
Dated: 9 June 2011



S Munby Chief Executive and Accounting Officer
Dated: 9 June 2011

Statement of cash flows for the year ended 31 March 2011

	2011 £'000	2010 Restated £'000
Cash flows from operating activities		
Net expenditure after interest	(103,496)	(119,676)
Deferred grant-in-aid	–	12
Deferred capital grant released/(applied)	423	(698)
Release of capital reserve	(384)	–
Decrease in trade and other receivables	772	965
Depreciation	951	970
Amortisation	1,870	1,379
Asset impairment	38	–
Loss on asset disposal	–	1
Interest on pension	121	192
Non-cash pension charges	2,335	840
Cash payments made to offset pension liability	(3,413)	(1,908)
Pension past service costs	(4,428)	–
Pension curtailments	12	–
Decrease in trade and other payables	(7,820)	(2,637)
Increase/(Release) of provisions	388	(11)
Net cash outflow from operating activities	(112,631)	(120,571)
Cash flows from investing activities		
Purchase of property, land and equipment	(172)	(399)
Purchase of intangible assets	(1,789)	(2,175)
Net cash outflow from investing activities	(1,961)	(2,574)
Cash flows from financing activities		
Grant-in-aid from DfE	108,500	124,500
Net financing	108,500	124,500
Net increase/(decrease) in cash and cash equivalents in the year	(6,092)	1,355
Cash and cash equivalents at beginning of the year	6,135	4,780
Cash and cash equivalents at end of the year	43	6,135

As detailed in Notes 2.12 and 4, notional capital charge is no longer calculated or reported. Net expenditure after interest for 2009-10 has been restated to reflect this change.

Statement of changes in tax payers' equity
for the year ended 31 March 2011

	2011 £'000	2010 £'000
Balance at 1 April	(18,960)	(15,807)
Changes in tax payers' equity		
Deferred grant-in-aid	–	12
Deferred capital grant released/(applied)	423	(698)
Net actuarial pension gains/(losses)	4,494	(7,291)
Net operating costs	(103,496)	(119,676)
Movement in capital reserve	(384)	–
Total recognised income and expense	(98,963)	(127,653)
Grant-in-aid from the DfE	108,500	124,500
Balance at 31 March	(9,423)	(18,960)

Notes to the accounts

1 Company status

The company is an executive non-departmental public body, sponsored by the DfE. It is registered in England as a private company limited by guarantee with no share capital, registration number 04014904. The maximum liability of each member is £1. The sole member is the Secretary of State.

The registered office of the company is:

National College, Lime House, Mere Way, Ruddington, Nottingham, Nottinghamshire, NG11 6JS.

Within the next twelve months, it is anticipated that the legal status of the company will change. It is expected that the business, assets and liabilities will be transferred into an executive agency of the DfE. It is anticipated that this will leave no assets, liabilities or activity within the current company.

2 Accounting policies

The accounts have been prepared in accordance with the Companies Act 2006, applicable accounting standards and in accordance with a direction given by the Secretary of State with the consent of HM Treasury. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts comply with the 2010-11 IFRS-based Government Financial Reporting Manual (FRM), where this exceeds or does not conflict with the Companies Act, and HM Treasury guidance in relation to IFRS compliance.

This year, the National College has, for the first time, incorporated the revised obligations of IAS 7 in relation to the statement of cash flows. This has had no impact on the statement of cash flows for the current, or prior year. In financial years ending 31 March 2011 and 31 March 2010 the cash flows from investing activities relate entirely to the recognition of tangible and intangible assets.

Also this year, the National College has, for the first time, incorporated the revised obligations for IAS 17.

The revised IAS 17 clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Following the adoption of the revision of IAS 17, the College will assess unexpired land operating leases, and account for any change retrospectively. Land is already separated from buildings in Lease commitments Note 18.

2.1 Accounting convention

As detailed in Note 1, it is anticipated that the legal status of the National College will change within the next twelve months. The assets, liabilities and activity of the National College will be transferred to an executive agency of the DfE. It is anticipated that this will leave no assets, liabilities or activity within the current company. This change represents no material risk to the National College's aims and objectives being pursued under its revised status, or to the National College's financial capabilities. Furthermore, there are no material risks to the National College's customers or suppliers as a result of the change of status. However, the going concern basis is not appropriate for the production of the National College's accounts for 2010-11, and so technically the accounts have not been prepared on that basis. As the DfE have confirmed that assets will be transferred at book value, the reported financial position is the same under both the going concern and non-going concern bases.

The financial statements have been prepared under the historical cost convention, and where material, current asset investments and stocks have been modified by revaluation to fair value as determined by the relevant accounting standard. Assets received from the DfE for which no consideration is paid are capitalised at their cost to the DfE.

The accounts are presented wholly in pounds sterling and, unless specifically stated otherwise, all figures have been rounded to the nearest thousand pound sterling.

2.2 Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of income and expenditure. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events and actions. For example, pension provision liabilities are assessed by actuaries and are based on factors such as life expectancy, age of scheme members, prevailing interest and inflation rates and projected returns on invested funds. Actual results may differ from these estimates.

2.3 Government grants

The National College is funded mainly by grant-in-aid from the DfE. Grant-in-aid is received monthly and except as detailed below is treated as financing, credited to the income and expenditure reserve, because it is regarded as a contribution from a controlling party. Outstanding grant-in-aid at the year-end is not accrued on the statement of financial position.

Amounts used for the purchase of non-current assets are held as deferred income in payables and released to the income and expenditure account in line with depreciation on the relevant assets.

Where the National College receives funds from the DfE that are specifically earmarked for specific assets, the income is recognised to the extent that expenditure has been incurred, any unspent income being taken to payables as deferred income.

2.4 Income

Income, other than government grants (see Note 2.3), is recognised in the period in which the associated expenditure is incurred.

2.5 Segmental reporting

In identifying operating segments, management follows the National College's organisational structure and strategic lines of operation.

The National College operates five main operational segments: continuous leadership learning; directors of children's services; policy, research and development; school leadership development and corporate services.

The activities undertaken by continuous leadership learning include the provision of a range of programmes targeted at heads, aspiring heads, middle leaders and senior leadership teams within schools, the provision of e-learning materials to support the work of the National College and the National College membership scheme.

Directors of children's services provides a range of programmes targeted at directors of children's services (DCSs) and aspiring DCSs in addition to supporting the early years agenda and supporting the development of integrated working for extended schools alongside their multi-agency partners.

Policy, research and development work includes building knowledge of the most effective development and delivery of our provision and ensuring that we stay ahead of advances in knowledge about effective leadership development. Additionally, succession planning work aims to secure the supply of high-quality, next-generation leaders and regional work is building meaningful relationships with leaders and their local practice.

School leadership development provides a number of strategic interventions designed to develop leadership at all levels, freeing up more leaders to work beyond their schools and centres. Additionally, programmes aimed at school business managers and directors are managed through this directorate.

Corporate services provides support for all areas including the provision of accommodation, facilities, technology and programme management. The leadership team and corporate governance is also included within corporate services. An 'other' segment is used as part of management reporting primarily to hold the credit for support costs relating to ring-fenced budgets re-allocated to programmes. As no ring-fenced funding was received during 2010-11, no re-allocation of support costs was required in this year.

Income and costs are allocated between these operating segments based on where they are managed, eg interest payable is retained in corporate services.

Assets and liabilities are managed centrally with no segregated buildings, credit control or bank accounts. Accommodation is shared and a number of employees divide their time between different areas. Assets and liabilities are accounted for centrally and are not reported to management by segment. For this reason we have adopted the amendment to IFRS 8 made as part of Improvements to IFRS published in April 2009 which clarifies that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision-maker. Segmental split of assets is therefore not disclosed here.

2.6 Early Headship Provision

The National College provided a programme for the training and development of new and aspiring headteachers. The programme involved the award of funds that may be called off over a three-year period.

Funds were earmarked at the time of award and a liability was recognised on the statement of financial position to the extent to which it was expected that the bursary would be used. Expenditure was recognised at the time the claimant became entitled to the bursary. The programme closed at 31 March 2011 and any remaining balance of funding attributable to individual applicants at that time was returned to the College's main bank account.

2.7 Research and development

Expenditure on research activities, including research grants, is written off to the income and expenditure account as incurred, due to the inherent uncertainty surrounding the economic benefit resulting from it. Capitalisation of development is contingent on fulfilling the criteria noted in IAS 38 (Intangible Assets).

2.8 Grants paid

Grants to other bodies are recognised upon payment becoming due according to an agreed profile or specified milestones.

2.9 Early departure costs

The National College has a standard policy available to all staff on redundancy that covers, amongst other things, definition of redundancy, consultation process, statutory duties and redundancy calculations. The National College is committed to minimising the necessity for redundancy and to provide continuity of employment wherever practicable. However, where required redundancy payments are calculated as two weeks' salary per complete or part year of service, which includes statutory redundancy amounts payable. Additionally, staff may or may not be asked to work their notice period, depending on the needs of the business. Payment in lieu of notice, less all statutory deductions, will be made to those who are not required to work their notice.

2.10 Pensions

The National College participates in a defined benefit staff pension scheme providing benefits based upon final pensionable salary. The scheme is part of the Nottinghamshire County Council Pension Fund which is administered under the statutory framework of the Local Government Pension Scheme. The scheme is funded with assets held by trustees. The pension scheme deficit or surplus is recognised in full on the face of the statement of financial position. Pension scheme actuarial gains/losses are recognised in reserves as required by the FReM. Further details are at Note 22.

2.11 Taxation

2.11.1 Corporation tax

The National College is not liable to corporation tax for the year 2010-11 and no such liability has arisen post year-end. HMRC has confirmed that the National College is treated as a dormant company for corporation tax purposes because no profits have been made, and therefore no corporation tax is owed. Consequently, there are no provisions for current or deferred corporation tax. This position is reviewed annually.

2.11.2 Value-added tax

The National College is treated as an eligible body for VAT purposes and its supplies of education and vocational training are exempt from VAT. Irrecoverable VAT, excluding that on non-current assets, is charged to the income and expenditure account in the period in which it is incurred.

2.12 Notional capital charge

Up to and including financial year 2009-10 a charge reflecting the cost of capital utilised by the National College was included in the income and expenditure account. The charge was calculated at the real rate set by HM Treasury on the average carrying amount of all assets less liabilities, except for donated assets and cash balances. In view of the net liabilities in the statement of financial position, the notional charge was negative. As a result of changes in the FReM for 2010-11 this notional capital charge is no longer calculated or reported. The accounts for 2009-10 have been restated to reflect this change (see Note 4).

2.13 Non-current assets

Tangible non-current assets with a purchase cost in excess of £2,500 and intangible assets with a cost greater than £5,000 are capitalised unless they are part of a recognised scheme, in which case items with a lower cost are capitalised as distinct groups.

Where the National College receives assets for nil consideration from the DfE, these are capitalised on their receipt at the cost to the DfE and a corresponding entry is credited to deferred grants. A release is made from deferred grants to income in line with the depreciation charge on the associated asset.

In accordance with the FReM, the College holds non-current assets at fair value at the date of revaluation less any accumulated depreciation and impairment losses where any such revaluation is material. During 2010-11, the National College has calculated the net book value of non-current assets under the revaluation model, and this is not materially different to the net book value under the cost model. The accounts have therefore not been amended to reflect this immaterial adjustment.

As part of the transition of the College to an executive agency, the National College expects to revalue all non-current assets at the end of 2011-12 and to report all assets using the revaluation model.

A full year's depreciation or amortisation is taken in the year of purchase for non-current and intangible assets respectively.

The National College will review the expected useful lives of all classes of non-current assets during 2011-12, with the intention of aligning these with DfE policies by the end of 2011-12.

2.13.1 Property, plant and equipment

Depreciation is provided for on all tangible non-current assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Land and buildings	50 years
Building improvements	10 years
Computer hardware and communications equipment	3 years
Office furniture and equipment	3 years

In accordance with the FReM, low value assets are carried at depreciated cost as a proxy for fair value based on asset values and useful estimated lives.

2.13.2 Intangible assets

Intangible assets include software licences, purchases and website development costs that meet the IAS 38 requirement of delivering future service potential.

Amortisation is provided for on all intangible non-current assets as per the policy for tangible non-current assets above. The expected useful life for intangible assets is as follows:

Websites that deliver services	2 years
---------------------------------------	---------

Impairment reviews are carried out annually, or where there are indications of impairment.

2.14 Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

The National College has a lease from the DfE in respect of the learning and conference centre building at Triumph Road, Nottingham. The land element is treated as an operating lease and the building is treated as a finance lease.

The value of the finance lease asset was capitalised at the discounted value of the lease payments and is being depreciated over the estimated asset life. The lease liability is reduced by annual principal and interest payments. Details of the impact of the lease, which came into effect on 1 April 2008, appear in Note 18 to the accounts.

2.15 Financial instruments

2.15.1 Financial assets

The National College holds receivables in this category. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried in the Statement of financial position at cost less appropriate provisions for specific doubtful receivables. The National College does not hold any loans.

2.15.2 Financial liabilities

These comprise trade and other payables and other financial liabilities. They are initially recognised at the fair value of consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost.

The National College is required to disclose the role that financial instruments had during the year in creating or changing the risks faced by the National College in undertaking its activities. As a non-departmental public body funded by the government, the National College is not exposed to any liquidity or interest rate risks and therefore is not exposed to the degree of financial risk faced by other business entities. The National College has no powers to borrow or invest surplus funds, and financial assets and liabilities generated by day-to-day operational activities are not held to change the risks facing the National College in undertaking its activities.

Liquidity risk: no significant exposure given the National College's net resource requirement is financed through resources voted annually by Parliament.

Interest rate risk: no exposure as the National College's main financial assets and liabilities carry nil or fixed rates of interest.

Foreign currency risk: during 2010-11, the National College has engaged in very limited overseas activities and currently does not operate any foreign currency bank accounts. This minimises any potential foreign currency risk.

Credit risk: the National College does not have a significant credit risk as the majority of its activities are for Government entities. Working capital is managed to ensure that cash requirements from the DfE are kept to a minimum. New commercial customers are reviewed for credit worthiness and appropriate trading terms agreed.

2.16 Cash and cash equivalents

Cash for the purpose of the Statement of cash flows comprises cash in hand and deposits repayable on demand. The company has no cash equivalents and during the year there were no material unrecognised non-cash transactions.

2.17 Provisions

In accordance with IAS 37, the National College provides for the reliably estimated costs of any current obligations of past events. Currently, the National College maintains a provision for potential dilapidation costs of leased buildings and for potential redundancy costs as a result of the re-structure of the National College's leadership team that is in progress, but not expected to be completed until early in 2011-12. Further details are provided in Note 14.

2.18 Managing capital

The National College has several objectives in managing its capital.

- seeking to comply with the objectives set by the DfE in terms of cash holding
- seeking to reduce its net liabilities as far as possible while working within the DfE guidelines
- aiming to pay invoices within 10 days

3.1 First-time adoption of IFRS

In line with the requirements of IAS 8, the National College has applied the following accounting policies for the first time during 2010-11.

IAS 7 Statement of cash flows

In the revised IAS 7, only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) can be classified as a cash flow from investing activities. The application of the revised standard has had no impact on the statement of cash flows as in the financial years ending 31 March 2010 and 31 March 2011 the cash flows from investing activities relate entirely to the recognition of tangible and intangible assets.

IAS 17 Leases

In the revised IAS 17, where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. The College has previously accounted for land as an operating lease and this treatment remains appropriate. Land has already been separated from buildings in Lease commitments Note 18 and therefore the revised standard has no impact on the financial position.

3.2 IFRSs in issue but not yet effective

In line with the requirements of IAS 8, the National College has identified the following IFRSs which have been issued and that may have an impact on the accounts but have not been applied as they are not yet effective.

IFRS 9 Financial instruments

The classification of financial assets under IFRS 9 will be on the basis of the entity's business model for the management, and contractual cash flow characteristics. The effective date is 1 January 2013. The National College intends to apply IFRS 9 in the year ending 31 March 2014. The impact of application is uncertain as additional instalments covering financial liabilities and impairment methodology have not yet been published.

IAS 24 Related party disclosures

The revised IAS 24 simplifies and clarifies the definition of a related party. There is partial exemption from disclosure of transactions and outstanding balances. The effective date is 1 January 2011. The National College intends to apply the revised IAS 24 in the financial year to 31 March 2012. The impact is not likely to be significant. Some transactions and outstanding balances may become exempt from disclosure.

3.3 Significant FReM changes expected for 2011-12

In line with the spirit of IAS 8, the National College has identified the following expected changes to the FReM in 2011-12 that may have an impact on the accounts.

Accounting for capital government grants and similar financing from non-government sources

The change to the FReM adapts IAS20 – Accounting for government grants, requiring the accounting treatment to be extended to all capital non-exchange transactions and IAS 16 Property, Plant and Equipment, supplementing disclosure requirements to show how additions have been financed. Neither change is expected to have any impact on the financial position, but further details in relation to the financing of additions may need to be disclosed in the 2011-12 accounts.

4 Prior period adjustment

Prior period adjustments have been made to the Statement of comprehensive net income and Statement of cash flows in relation to the changes to the FReM that no longer require the calculation or disclosure of notional capital charges (see Note 2.12). The impact on the prior period is as follows:

2010
£'000

Statement of comprehensive net income

Net expenditure on ordinary activities after taxation (reported 2010)	(119,676)
Notional capital charge	749
Net expenditure after notional capital charge	(118,927)
Add back notional capital charge	(749)
Net expenditure for the year (reported 2011)	<u>(119,676)</u>

£'000

Statement of cash flows

Net expenditure after cost of capital and interest (reported 2010)	(118,927)
Adjustments for cost of capital charge	(749)
Net expenditure for the year (reported 2011)	<u>(119,676)</u>

5 Income

In addition to the grant-in-aid, the National College has also received programme funding from several other sources during 2010-11:

	2011	2010
	£'000	£'000
Training and Development Agency for Schools – bursar training	1,187	6,861
Capita – school improvement partners	42	684
Fees and charges	2,691	2,971
	<u>3,920</u>	<u>10,516</u>

The National College charges fees to participants on several of its programmes. When the fees were initially set they were based on a percentage of the costs the National College pays to the providers of the programmes. The 2011 income from TDA represents the recognition of £1,187k, received in earlier years, for bursars' programmes delivered during 2010-11. For 2010-11 the funding for the bursars' programmes was received directly as grant-in-aid.

Income received from the Training and Development Agency for Schools and Capita are purely to cover the cost of the activity that the National College has been asked to deliver.

6 Fees and charges

	Income £'000	2010-11 Expenditure £'000 (Note i)	Surplus/(deficit) £'000
Programme Fees (Note ii)	1,064	(25,549)	(24,485)
Conferences (Note iii)	1,291	(1,716)	(425)
Licences	195	(243)	(48)
Consultancy	88	(109)	(21)
Other Income (Note iv)	53	(53)	0
	<u>2,691</u>	<u>(27,670)</u>	<u>(24,979)</u>

	Income £'000	2009-10 Expenditure £'000 (Note i)	Surplus/(deficit) £'000
Programme Fees (Note ii)	1,713	(30,574)	(28,861)
Conferences (Note iii)	1,162	(1,727)	(565)
Licences	-	-	-
Consultancy	21	(12)	9
Other Income (Note iv)	75	(75)	-
	<u>2,971</u>	<u>(32,388)</u>	<u>(29,417)</u>

Note i: Expenditure includes all costs directly attributable to the relevant activity which has generated the income. Central costs are excluded as the National College does not routinely re-allocate these to an activity.

Note ii: The College runs a range of programmes, some of which are, as a result of agreement with the DfE, either fully or part subsidised. The income represents contributions from participants, or other organisations, towards the cost of some programmes. The expenditure represents the total direct expenditure on any programme where income has been received.

Note iii: Income from conferences includes delegate fees, exhibition sales and sponsorship.

Note iv: Other income represents a number of low value activities for which the direct costs are not available. As the values are immaterial it is assumed, for the purpose of this note, that the income represents recovery of any directly related expenditure.

7 Segmental reporting

Management currently identifies the National College's operating segments as described in note 2.5. These operating segments are monitored by the chief operating officer and management in the running and monitoring of the National College. Following the principle of IFRS 8 as being disclosure relating to how the chief operating decision-maker is informed and how management decisions are made, items are disclosed here as they are accounted for (such as interest payable in corporate services) rather than being arbitrarily allocated.

	Continuous leadership learning	Directors of children's services	Policy, research and development (Note i)	School leadership development	Corporate Services (Note ii)	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2010-11							
Turnover							
Other income	1,088	2	48	2,768	14	-	3,920
Costs	(33,329)	(11,162)	(14,082)	(38,983)	(12,140)	(1,980)	(111,676)
Increase in provisions	-	-	-	-	-	(388)	(388)
Less employers' LGPS costs	-	-	-	-	3,413	-	3,413
Current service cost	-	-	-	-	(2,335)	-	(2,335)
Past service gain	-	-	-	-	4,428	-	4,428
Curtailments and settlements	-	-	-	-	(12)	-	(12)
Asset impairment	-	-	-	-	-	(38)	(38)
Interest payable and similar charges	-	-	-	-	(808)	-	(808)
Net expenditure for the year	(32,241)	(11,160)	(14,034)	(36,215)	(7,440)	(2,406)	(103,496)

Note i: The policy, research and development directorate includes succession planning and leadership models.

Note ii: Corporate services costs include the running costs of the learning and conference centre, which is used to provide accommodation for delegates attending courses and conferences. This amounts to £3,394k (2010: £3,958k).

	Continuous leadership learning £'000	Directors of children's services £'000	Policy, research and development (Note i) £'000	School leadership development £'000	Corporate Services (Note ii) £'000	Other £'000	Total £'000
2009-10							
Turnover							
Other income	1,355	62	121	8,977	1	0	10,516
Costs	(46,236)	(11,454)	(19,541)	(43,361)	(16,660)	6,861	(130,391)
Release from provisions	-	-	-	-	-	11	11
Less employers' LGPS costs	-	-	-	-	1,908	-	1,908
Current service cost	-	-	-	-	(840)	-	(840)
Interest payable and similar charges	-	-	-	-	(880)	-	(880)
Net expenditure for the year	(44,881)	(11,392)	(19,420)	(34,384)	(16,471)	6,872	(119,676)

During 2010-11 there has been limited, non-material, overseas activity. As this activity has not been material during the year no geographical split is included.

In addition to grant-in-aid, the National College has also received income to fund programme delivery, from participants on College programmes, from delegates, exhibitors and sponsorship in relation to College conferences and from limited overseas activities. The National College had no customers in 2010-11 that contributed more than 10 per cent of total revenue.

8 Expenditure details

a) Programme costs

	2011	2010
	£'000	£'000
Leadership development	57,823	67,456
Strategic intervention	27,073	34,766
Succession planning	8,774	9,772
Learning and conference centre	2,606	3,171
Research and development	2,841	3,332
Annual and new heads conferences	1,716	1,727
Depreciation	893	787
Amortisation	1,870	1,380
	103,596	122,391

b) Support costs

	2011	2010
	£'000	£'000
Core operational ICT costs and projects	2,202	3,382
Senior managers and governance	1,908	2,305
Human resources	901	2,318
Core marketing and corporate communications	700	1,570
Ruddington accommodation	769	1,029
Commercial management	737	1,149
Auditors' remuneration:		
Audit services – external auditors, statutory audit	50	50
Audit services – external auditors, IFRS audit fees	–	5
Audit services – internal auditors	72	68
Finance	683	865
Depreciation	58	183
Costs reallocated to ring-fenced programmes	–	(4,924)
	8,080	8,000

In 2010-11 the National College received no ring-fenced grant-in-aid from the DfE. In 2009-10 the National College received both ring-fenced and non ring-fenced grant-in-aid from the DfE. Ring-fenced funding is provided for specific projects or activities, and may be of fixed duration, such as for one financial year. Non-ring-fenced funding is used for all other programme and running costs expenditure. Expenditure on ring-fenced projects has been included within programme costs above.

In recognition of the overhead costs associated with the delivery of projects with ring-fenced budgets, and as agreed with the DfE, the accounts show a ring-fenced project overhead reallocation from support costs to programme costs. In 2009-10 this was calculated at a rate of eight per cent of the cost of the programme.

9 Staff numbers and related costs

a) Staff costs included within programme and support costs above comprise:

	2010-11			2009-10
	Permanently employed staff £'000	Other £'000	Total £'000	Total £'000
Wages and salaries	11,759	232	11,991	13,074
Social security costs	956	-	956	1,003
Other pension costs	2,335	-	2,335	840
Sub-total	15,050	232	15,282	14,917
Less recoveries in respect of outward secondments	(68)	-	(68)	(30)
Total net costs	14,982	232	15,214	14,887

b) Average number of persons employed under contracts of service by the National College:

	2010-11			2009-10
	Permanently employed staff	Other	Total	Total
Directly employed	325	2	327	342
Other	-	7	7	22
Total	325	9	334	364

The average number of persons employed is determined, on a full-time equivalent basis, by dividing the relevant annual numbers, including staff on maternity leave, by the number of months in the financial year.

During 2010-11 the National College staff numbers reduced, as result of direction from the DfE on the future of certain activities. This was done through a combination of voluntary and compulsory redundancies. 23 staff left the College, or were due to leave and costs were provided for, as a result of redundancy. Redundancy costs amounted to £349k for redundancy payments, including pay in lieu of notice and £331k in relation to any appropriate pension contributions. These costs are included within the staff costs detailed at 8 (a) above.

Salaries include gross salaries and performance bonuses, where payable. It does not include the estimated monetary value of benefits in kind. Following the adoption of IAS 19, the employer's pension cost in respect of the National College's main pension fund, the Nottinghamshire County Council Pension Fund, is charged directly to the pension liability in the Statement of financial position. The amount charged for the year was £3,413k (2010: £1,908k). For further pension scheme details see Note 22.

Details of directors' emoluments are shown in the remuneration report. The chair of the governing council is the only member of the governing council who receives a salary from the National College. With effect from September 2005, other members of the Governing Council, who are directors for the purpose of company law, have been entitled to claim an allowance for meeting attendance; for those directors employed full time in the public sector this is paid to their employer. Expenses incurred for attendance at meetings are also reimbursed.

Information in respect of the remuneration and pension entitlements of the chief executive, who is not a director for the purposes of company law, and the individual salary and pension entitlements of the other executive directors are shown in the remuneration report.

10 Non-current assets

10.1 Property, plant and equipment

	Buildings		Information technology	Furniture and fittings	Information technology, furniture and fittings	Total
	Owned	Held under finance lease	Owned	Owned	Donated	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2010	3,033	23,617	1,404	730	12	28,796
Reclassified (Note i)	-	-	(469)	-	-	(469)
Additions	5	-	167	-	-	172
Disposals	-	-	(51)	(262)	-	(313)
At 31 March 2011	3,038	23,617	1,051	468	12	28,186
Depreciation						
At 1 April 2010	1,635	3,686	1,186	720	12	7,239
Reclassified (Note i)	-	-	(431)	-	-	(431)
Charge for the year	304	475	162	10	-	951
Disposals	-	-	(51)	(262)	-	(313)
At 31 March 2011	1,939	4,161	866	468	12	7,446
Net book value						
At 31 March 2011	1,099	19,456	185	-	-	20,740
At 31 March 2010	1,398	19,931	218	10	-	21,557

Owned buildings includes building improvements for the learning and conference centre and the Ruddington office. Buildings held under finance lease relates solely to the learning and conference centre.

	Buildings		Information technology	Furniture and fittings	Information technology, furniture and fittings	Total
	Owned	Held under finance lease	Owned	Owned	Donated	
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2009	2,931	23,617	1,248	732	43	28,571
Reclassified	-	-	30	-	(30)	-
Additions	102	-	297	-	-	399
Disposals	-	-	(171)	(2)	(1)	(174)
At 31 March 2010	3,033	23,617	1,404	730	12	28,796
Depreciation						
At 1 April 2009	1,332	3,211	1,143	713	43	6,442
Reclassified	-	-	30	-	(30)	-
Charge for the year	303	475	183	9	-	970
Disposals	-	-	(170)	(2)	(1)	(173)
At 31 March 2010	1,635	3,686	1,186	720	12	7,239
Net book value						
At 31 March 2010	1,398	19,931	218	10	-	21,557
At 31 March 2009	1,599	20,406	105	19	-	22,129

10.2 Intangible assets

	Websites that deliver services £'000	Total £'000
Cost or valuation		
At 1 April 2010	4,767	4,767
Additions	1,789	1,789
Reclassified (Note i)	469	469
Impairment (Note ii)	(38)	(38)
Disposals	(396)	(396)
	<hr/>	<hr/>
At 31 March 2011	6,591	6,591
	<hr/>	<hr/>
Amortisation		
At 1 April 2010	3,679	3,679
Charged in the year	1,870	1,870
Reclassified (Note i)	431	431
Disposals	(396)	(396)
	<hr/>	<hr/>
At 31 March 2011	5,584	5,584
	<hr/>	<hr/>
Net book value		
At 31 March 2011	1,007	1,007
	<hr/>	<hr/>
At 31 March 2010	1,088	1,088
	<hr/>	<hr/>
Cost or valuation		
At 1 April 2009	2,592	2,592
Additions	2,175	2,175
Disposals	–	–
	<hr/>	<hr/>
At 31 March 2010	4,767	4,767
	<hr/>	<hr/>
Amortisation		
At 1 April 2009	2,300	2,300
Charged in the year	1,379	1,379
Disposals	–	–
	<hr/>	<hr/>
At 31 March 2010	3,679	3,679
	<hr/>	<hr/>
Net book value		
At 31 March 2010	1,088	1,088
	<hr/>	<hr/>
At 31 March 2009	292	292
	<hr/>	<hr/>

Note i: In 2009-10 a small number of assets were classified as ICT Equipment. During 2010-11 these were reviewed and were re-classified as intangibles. The net value of the assets was not material and therefore an in-year adjustment has been made during 2010-11 and the prior year has not been re-stated. Some of these assets are no longer in use and have therefore been written off in full during 2010-11.

Note ii: As a result of the cessation of the College's 14-19 programme, a programme database specifically developed for this programme became obsolete. As there was no alternative use for this asset, the value of the asset was fully impaired during 2010-11.

Expenditure on software and websites that deliver services has been capitalised and amortised.

Intangibles amortisation is found within the support costs line of the income and expenditure account.

11 Trade receivables and other current assets

	2011	2010
	£'000	£'000
VAT	–	–
Trade receivables	332	804
Other receivables	91	–
Deposits and advances	–	6
Prepayments and accrued income	376	761
	799	1,571

These balances can be analysed between:

	2011	2010
	£'000	£'000
Other central government bodies (including non-departmental public bodies)	–	68
Local authorities	492	52
Bodies external to government	307	1,451
	799	1,571

Trade receivables by ageing are analysed as:

	2011	2010
	£'000	£'000
0–30 days	148	460
31–60 days	122	293
61–90 days	20	4
91–120 days	17	24
Greater than 120 days	25	23
Total trade receivables	<u>332</u>	<u>804</u>

Items older than 30 days are past due.

12 Cash and cash equivalents

The National College's cash balances at the year-end were:

	2011	2010
	£'000	£'000
Balance at 1 April		
HMPG main account	254	627
HMPG Early Headship Provision account	4,679	4,153
HMPG CitiDirect	1,061	–
HMPG NatWest	141	–
	<u>6,135</u>	<u>4,780</u>
Net change in cash and cash equivalent balances	(6,092)	1,335
Balance at 31 March	<u>43</u>	<u>6,135</u>

The following balances at 31 March were held at:

HMPG main account	–	254
HMPG Early Headship Provision account	–	4,679
HMPG CitiDirect	1,933	1,061
HMPG NatWest/(overdrawn)	(1,890)	141
	<u>43</u>	<u>6,135</u>

All balances are held with the Government Banking Service (GBS). As detailed in the management commentary, the CitiDirect and NatWest accounts comprise a single account set within the GBS and these accounts are therefore reported net in the financial statements.

The National College has no cash equivalents.

13 Trade and other payables

	2011	2010
	£'000	£'000
Amounts falling due within one year		
VAT	61	–
Other taxation and social security	266	324
Trade payables	3,528	329
Other payables	118	135
Accruals and deferred income	6,188	14,219
Early Headship Provision grants	–	2,900
	10,161	17,907
Deferred capital grant	1,328	1,546
Current financial lease	722	722
Total trade and other payables	12,211	20,175

These balances can be analysed between:

	2011	2010
	£'000	£'000
Other central government bodies (including non-departmental public bodies)	2,378	3,984
Local authorities	118	178
Bodies external to government	9,715	16,013
	12,211	20,175

Since 2009-10 finance lease payables have been disclosed within other central government bodies (including non-departmental public bodies).

An accrual for holiday pay for £188k (2010: £375k) is included in the accruals and deferred income line above. This represents holiday earned up to 31 March 2011 which had not been taken at that point.

The holiday pay accrual has been based on the difference between the holidays taken in the period to 31 March 2011 and the total holiday entitlement for the year up to that date. The records of holidays taken are found within the National College's HR Information System (CHRIS). This represents a change in the basis of calculation from 2009-10. As the information for 2009-10 is not available within CHRIS, the 2009-10 figures have not been restated. In 2009-10 the accrual was based on an estimate of days earned but not taken at 31 March 2010, multiplied by an average daily pay rate.

	2011	2010
	£'000	£'000
Amounts falling due after more than one year		
Deferred capital grant – land and buildings	794	1,095
Deferred capital grant – other	168	73
Finance leases	20,001	20,035
Capital reserve	–	(384)
	20,963	20,819

In 2008-09 a capital reserve was created to match the finance lease liability to the net book value of the asset. The asset and liability, and all charges related to the liability have been, and are being, correctly accounted for and therefore the capital reserve is redundant and has been written back to general reserves.

14 Provisions

	Senior Management restructure £'000	Other including dilapidation £'000	Total £'000
Balance 1 April 2010	–	90	90
Provided in the year	393	–	393
Provisions not required – written back	–	(5)	(5)
Provisions utilised in the year	–	–	–
Balance at 31 March 2011	393	85	478

A provision was made in 2006-07 in respect of anticipated dilapidation costs in respect of other leased premises. This is reviewed annually and adjusted based on the National College's latest estimate for the costs of restoring rented premises to the state in which they were when first entered into. It is possible that this provision will be partly utilised in 2011-12, but it is not expected to be fully utilised in that year.

A provision was made in 2010-11 for expected redundancy costs as a result of a restructuring of the College's leadership group that was underway, but not completed, at the year-end. This is a current provision that will be utilised early in 2011-12.

15 Related party transactions

The National College is an NDPB and a company limited by guarantee. The guarantor is the Secretary of State and thus is considered a related party. Grant-in-aid income of £108,500,000 (2010: £124,500,000) was received during the year from the DfE.

At the year-end the DfE owed the National College £Nil (2010: £6,660). The National College owed the DfE £Nil (2010: £410) at 31 March 2011.

The DfE invoiced the National College for £Nil (2010: £60,436 to cover the costs of seconded staff and other activities).

The National College paid the DfE £126,732 (2010: £58,105) for rent of office space in Sanctuary Buildings in London and £750,000 (2010: £750,000) for rent in respect of the learning and conference centre including £687,288 (2010: £688,432) in finance lease interest. Rent prepayments of £Nil (2010: £127,717) were also paid to the DfE.

The National College paid a policy commission grant of £16,022 (2010: £25,000) to Association of Director's of Children's Services Ltd (ADCS). Board member Deborah Absalom is a Non Executive Director of the ADCS.

The National College paid £80,050 (2010: £858,264) to PricewaterhouseCoopers LLP and received £970 (2010: £Nil). During the year, board member Martin Callaghan was a partner of the organisation.

The National College paid £4,405,171 (2010: £3,616,000) to Future Leaders Ltd for delivery of part of Accelerate to Headship programme. Board member John Dunford is a member of Advisory Board for Future Leaders Ltd. Additionally, independent charity Teach First received £Nil (2010: £60,000) from the National College in the year. John Dunford is a trustee at Teach First.

The National College paid £3,507,018 (2010: £3,430,601) to Serco Limited and invoiced it £19,560 (2010: £5,323) during the year. The National College owed Serco Limited £41,299 (2010: £648) at year-end and is due £Nil (2010: £921) from Serco Limited. A sister of board member Joan McVittie is a senior executive at Serco Limited.

The National College paid £78,749 (2010: £142,912) to Andrew Seber Limited for consultancy services in respect of national succession planning. Board member Andrew Seber and his wife own Andrew Seber Limited with a 50 per cent share each.

Maggie Farrar, a member of the College's strategic leadership team was a trustee, and is now an advocate for the Academy of Youth Ltd. During 2010-11, the College paid the Academy of Youth Ltd £1,025 (2010: £101,683 to deliver the College's Student Leadership programme).

Mark Pattison is a contractor who, during the year, worked as an executive director for the National College and owns his own company, Mark Pattison Limited. During the year the National College paid £110,631 (2010: £217,062) to Mark Pattison Limited. Mark was also an associate with Penna plc, who were paid £4,800 (2010: £9,155).

During the year, Jo Pickering was on secondment from the University of Derby, working as an operational director of the National College. Her son-in-law is an HR business partner at Nord Anglia Education Limited, which invoiced the National College £2,148,281 (2010: £390,638) in the year. Income from the sale of conference tickets in the year amounting to £13,046 (2010: £1,305) was received from Nord Anglia Education Limited.

The National College requires staff to declare any potential conflicts of interest where they may or do have a financial interest, prior to contracting. Where it is deemed applicable for a procurement to proceed, staff are not permitted to take any part in the contract negotiations with any related party.

None of the Governing Council members, senior management personnel or other related parties has undertaken any material transactions with the National College during the year, other than those noted above.

16 Grant payments made

The National College made £30.8m (2010: £20.4m) grant payments to support research and educational activity, of which £0.5m relating to the Fast Track programme was distributed by a provider on behalf of the National College. Of this, £30.0m (2010: £17.8m) went to bodies within the public sector, including schools, local education authorities and universities and the balance of £0.8m (2010: £2.6m) was paid to a range of educational and training providers.

	2011	2010
	£'000	£'000
Grant Payments Made		
Succession planning	5,825	5,405
DCS succession planning	2,600	–
Leadership strategies (City Challenge)	12,323	5,414
National leaders of education	3,189	4,082
Fast Track	486	1,726
School business managers	3,688	27
Others	2,724	3,726
	30,835	20,380

17 Financial performance targets

The primary financial target was to achieve a percentage of actual spend against profiled spend within an agreed tolerance level of -2.5 per cent to +2.5 per cent on a monthly basis and -2.5 per cent to 0 per cent on an annual basis. The actual variance for the year was 2.25 per cent under-spent, within the agreed tolerance, calculated on an accruals basis.

18 Lease commitments

18.1 Operating leases

Changes to IAS 17 Leases have had no impact on the College treatment of operating leases. Total future minimum lease payments under operating leases are given in the table below:

Obligations under operating leases comprise:	2011 £'000	2010 £'000
Land		
Not later than one year	28	28
Later than one year and not later than five years	113	113
Later than five years	2,404	2,456
	2,545	2,597
Building		
Not later than one year	320	320
Later than one year and not later than five years	1,278	1,278
Later than five years	639	959
	2,237	2,557

The land operating lease is held with the DfE and runs for 99 years from 31 May 2002 to 28 May 2101; there are 91 years remaining. The building operating lease is held with the Ruddington Building Company Limited and started on 17 November 2008. There is a break point dated 17 November 2013 and the expiry date is 17 November 2018.

18.2 Finance leases

Following revision of the lease held with the DfE for the use of the building sited on the Jubilee Campus of the University of Nottingham, a finance lease obligation was created in the accounts for the year ending 31 March 2009. The liability was raised at the initial valuation of £20,822k representing the discounted value of future lease payments. After allowing for repayments to 31 March 2011 the liability is £20,722k.

Obligations under finance leases comprise:	2011 £'000	2010 £'000
Buildings		
Rentals due within one year	722	722
Rentals due after one year but within five years	2,887	2,887
Rentals due thereafter	61,471	62,193
	65,080	65,802
Less interest element	(44,358)	(45,045)
	20,722	20,757

As with the land operating lease, the finance lease runs for 99 years from 31 May 2002 to 28 May 2101 with 91 years remaining.

19 Interest paid and received during the year

	2011	2010
	£'000	£'000
Interest on pension obligation net of expected return on scheme assets	(121)	(192)
Interest paid on finance lease	(687)	(688)
	(808)	(880)

20 Financial commitments

In addition to the obligations under leases detailed in Note 18, the College had contracts in place at 31st March 2011, that included the following financial commitments:

	2011	2010
	£'000	£'000
Obligations under contracts		
Not later than one years	18,908	33,425
Later than one year and not later than five years	15,069	35,458
Later than five years	255	1,755
	34,232	70,638

The majority of the College's contracts include the facility for the contract to be terminated should the College no longer receive adequate funding from the DfE.

21 Events after the reporting period

There were no events after 31 March 2011 requiring an adjustment to the financial statements. The financial statements were authorised for issue on 9 June 2011 by Steve Munby, Chief Executive and Accounting Officer.

22 Pensions

Pensions costs are assessed every three years in accordance with the advice of a qualified independent actuary. The latest valuation is as at 31 March 2010. The assumptions and other data that have the most significant effect on the determination of the contribution levels are provided in the following tables.

In 2010-11, the National College made total employer contributions to the fund of £3,413,000 (2010: £1,908,000) that was made up of regular contributions and a lump sum of £2,500,000 (2010 figure includes £1,000,000 lump sum). The pension surplus of £1,640,000 (2010: £8,227,000 deficit) shown on the Statement of financial position is after applying IAS 19 actuarial assumptions. The move from deficit to surplus is partly due to a reduction in the future obligations, as a result of the change from RPI to CPI in the pension increase calculations.

Contribution rates with effect from 1 April 2011	As a percentage of pensionable pay
Employer	10.8%
Employees	
Band 1 £0–£12,600	5.5%
Band 2 >£12,600–£14,700	5.8%
Band 3 >£14,700–£18,900	5.9%
Band 4 >£18,900–£31,500	6.5%
Band 5 >£31,500–£42,000	6.8%
Band 6 >£42,000–£78,700	7.2%
Band 7 >£78,700	7.5%

IAS 19 reporting requirements

Information is based upon the full triennial actuarial valuation of the fund as at 31 March 2010, estimated whole-fund income and expenditure items for the period to 31 March 2011 and estimated whole-fund returns for the period to 31 March 2011 based on actual fund returns for the period to 31 December 2010 and then market returns (estimated where necessary) for the period to 31 March 2011.

Demographic assumptions: Life expectancy from age 65 years

Retiring today	Males	18.50
	Females	22.60
Retiring in 20 years	Males	20.50
	Females	24.50

Financial assumptions as at

	31 March 2011		31 March 2010		31 March 2009	
	% pa	Real	% pa	Real	% pa	Real
Price increases	3.5%	–	3.9%	–	3.0%	–
Salary increases	5.0%	1.5%	5.4%	1.5%	4.5%	1.5%
Pension increases	2.7%	(0.8%)	3.9%	–	3.0%	–
Discount rate	5.5%	1.9%	5.5%	1.5%	6.7%	3.6%

The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index.

The expected return on fund assets is based on the long-term expected investment return for each asset class at the beginning of the period (ie as at 1 April 2010 for the year to 31 March 2011). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

Asset class	Expected return % pa		
	1 April 2011	1 April 2010	1 April 2009
Equities	7.3%	7.4%	6.9%
Gilts	4.4%	4.5%	4.0%
Bonds	5.5%	5.5%	6.5%
Property	6.8%	6.9%	6.4%
Cash	3.0%	3.0%	3.0%

Statement of financial position disclosure of net National College pension assets

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Present value of funded obligation	36,408	42,974	25,848
Fair value of scheme assets (bid value)	38,048	34,747	24,036
Net liability/(asset) in statement of financial position	(1,640)	8,227	1,812

Income and expenditure account costs for the year to 31 March 2011

The amounts recognised in the income and expenditure account are:

	2011 £'000	2010 £'000
Current service cost	2,335	840
Interest on obligation	2,360	1,779
Expected return on scheme assets	(2,239)	(1,587)
Past service cost/(gain)	(4,428)	-
Losses/(gains) on curtailments and settlements	12	-
Total	(1,960)	1,032
Actual return in scheme assets	2,612	8,202

Asset and benefit obligation reconciliation for the year to 31 March 2011

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 March 2011 £'000
Opening defined benefit obligation	42,974
Service cost	2,335
Interest cost	2,360
Actuarial loss/(gain)	(6,523)
Losses/(gains) on curtailments and settlements	12
Estimated funded benefits paid (net of transfers in)	(949)
Past service cost/(gain)	(4,428)
Contributions by scheme participants	627
Closing defined benefit obligation	36,408

Reconciliation of opening and closing balances of the fair value of scheme assets	Year to 31 March 2011 £'000
Opening fair value of scheme assets	34,747
Expected return on scheme assets	2,239
Actuarial gain/(losses)	(2,029)
Contributions by employer including unfunded benefits	3,413
Contributions by scheme participants	627
Estimated benefits paid including unfunded benefits	(949)
Fair value of scheme assets at end of period	38,048

Reconciliation of opening and closing surplus/(deficit)

	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000
Deficit in scheme at beginning of year	(8,227)	(1,812)
Current service cost	(2,335)	(840)
Employer contributions	3,413	1,908
Past service costs	4,428	–
Other finance (charges)/income	(121)	(192)
Curtailments and settlements	(12)	–
Actuarial gains/(losses)	4,494	(7,291)
Surplus/(deficit) at end of year	1,640	(8,227)

Sensitivity analysis showing the impact of a change in discount rate and mortality age rating assumptions on total obligation and projected service cost

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0%	-0.1%
Present value of total obligation	35,387	36,408	37,463
Projected service cost	1,614	1,696	1,781
Adjustment to mortality age rating assumption	+ 1 year	None	-1 year
Present value of total obligation	34,997	36,408	37,838
Projected service cost	1,607	1,696	1,786

Amounts for the current and previous periods

	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Defined benefit obligation	(36,408)	(42,974)	(25,848)	(28,999)	(24,732)
Scheme assets	38,048	34,747	24,036	27,823	25,547
(Deficit)/surplus	1,640	(8,227)	(1,812)	(1,176)	815
Experience adjustments on scheme assets	(2,029)	6,615	(7,170)	(646)	520
Experience adjustments on scheme liabilities	(2,617)	–	–	1,841	–

Movements in actuarial loss

	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000
Actual return less expected return on pension scheme assets	374	6,615
Experience gains and losses	(5,020)	–
Change in assumptions underlying the present value of scheme liabilities	9,140	(13,906)
Actuarial gain/(loss) in pension scheme	4,494	(7,291)

Projected pension expense for the year to 31 March 2012

	Year to 31 March 2012 £'000
Service cost	1,696
Interest cost	2,040
Return on assets	(2,688)
Total	1,048
Employer contributions	1,034

Figures exclude the capitalised cost of any early retirements or augmentations that may occur after 31 March 2011.

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